

Friday June 27

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## Weekend FT

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# FINANCIAL TIMES

Weekend June 27/June 28 1992

EUROPE'S BUSINESS NEWSPAPER

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## Mandela warns S Africa 'is on brink of disaster'

**'South Africa is on the "brink of disaster", Nelson Mandela, African National Congress leader, warned President F.W. de Klerk last night as further allegations surfaced of government complicity in township violence. The warning came after the judicial commission investigating township violence heard evidence linking a police unit to last Wednesday's massacre at the Bophuthatswana township near Johannesburg in which 42 people died. Page 22**

**Olivetti agreement:** Olivetti, loss-making Italian computer and office equipment manufacturer, signed an agreement with Digital Equipment (DEC) which could lead to the US minicomputer maker owning up to 10 per cent of Olivetti within two years, giving it a European partner to help market its latest technology. Page 10

**Japanese decline:** Japan's industrial output declined by 8.7 per cent compared to a year ago, the most severe year-on-year fall since 1975. Page 2: Tokyo keeps straight corporate face, Page 10

**Central bank dilemma:** A plan by the EC Portuguese presidency to site the headquarters of the European Central Bank in Bonn and its operating arm in London looked likely to founder. Page 3: The third phase of Mr Europe, Page 5

**Tears as Ravenscraig closes:** Workers left the giant Ravenscraig steel plant at Motherwell in Lanarkshire, Scotland, after the final shift before closure, many angry at British Steel chairman, Sir Robert Scholtyseck (left). The plant's official last day is today and Motherwell District Council is marking it by releasing black balloons outside the gates at noon to represent the 4,400 jobs lost from Ravenscraig and Clydesdale in the past two years. Page 5

**Rabin's pledge:** Israel's prime minister-elect, Yitzhak Rabin, said he would freeze Jewish settlements in areas of the occupied territories he does not consider vital to Israel's security. Palestinians had unsuccessfully sought a settlement freeze from the outgoing government led by the Likud party. Page 2

**Fishing war:** John Gummer, UK agriculture minister, accused French trawlers of stirring up "1,000 years of rivalry and hatred" in the row over fishing rights around the Scilly Isles. Page 4

**BSN deal:** BSN, the French food group, is taking control of Galbani, a leading company in the Italian food industry, by buying an additional 10 per cent stake from IFIL, a company controlled by the powerful Agnelli family, for Ffr1.35bn (£360m). Page 10

**Aegis departure:** Aegis, London-based holding company for Carte, which dominates the media-buying scene in Europe, announced that chairman, Peter Scott, is to leave at the end of the year when the company relocates to Paris. Page 8

**Liberty family victory:** The founding family of Liberty defeated a proposal to enfranchise all shareholders and thus undermine their control of the UK fashion and fabric group. Page 8

**Standard Chartered:** The chief executive of Standard Chartered's Indian operations, Parvesh S. Nat, has been relieved of duty until the end of the investigation into India's most serious securities market scandal. Page 2

**Listeria kills 20:** French health authorities said that 20 people had died in a possible Listeria epidemic over the past three months. About 100 cases of Listeria, a virus transmitted by unpasteurised milk and some farmhouse cheeses, had been diagnosed.

**Adidas bid:** René Jaggi, chief executive of Adidas, is heading a consortium of European investors in a DM1bn (\$648m) bid to buy control of the German sporting goods group from Bernhard Tapie, the controversial French businessman and politician. Page 10

**Police "torture":** Los Angeles police have resorted to excessive force, sometimes amounting to torture, for several years, the human rights group Amnesty International said. In most cases, it added, the officers involved appeared to have acted with impunity or received only minor disciplinary sanctions.

**FT STOCK MARKET INDICES**

FTSE 100 2,541 (-232)

Yield 4.84

FTSE Eurobank 100 -1,145.05 (-1,082)

FT-AllShare 1,224.17 (-0.95)

Nikkei 15,112.73 (+\$30.99)

New York Lunchtime 1,279.73 (-4.28)

Dow Jones Int'l Ave 402.81 (-0.21)

S&P Composite 2,275.25 (227.25)

**■ US LUNCHTIME RATES**

Federal Funds 3.0% (104%)

3-mo Tres Bds Yld 3.77%

Long Bond 102.31% (102.31%)

Yield 7.75%

**■ LONDON MONEY**

3-mo Interbank 10.1% (10.1%)

Life long gilt return: Sep 94: (Sep 97%)

Brent 15-day Avg \$21.275 (21.525)

Gold 125.85 (125.4)

New York Comex Jun \$342.5 (34.6)

London \$31.05 (\$43.5)

Tokyo close Y 125.8

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## EC leaders split on financing and enlargement debate

By Our Foreign and Political Staff in Lisbon

**EC LEADERS,** meeting at the Lisbon summit, were split last night on how to finance the Community and when to start negotiating its enlargement.

But they were united in their desire to save the Maastricht union treaty. Chancellor Helmut Kohl of Germany said that, in spite of Denmark's rejection of Maastricht, "the Community

should go ahead at the same speed with all 12 passengers on board".

Mr Uffe Ellemann-Jensen, Denmark's foreign minister, said he hoped that ratification by the EC's big three – coupled with a drive towards more open and decentralised decision-making – would "lead to a new landscape, where new decisions can be taken". This was an apparent hint at the possibility of a second Danish referendum.

But Mr Ellemann-Jensen went on to say that "political leaders should have the courage to propose changes to their electors". This could equally refer to the possibility of renegotiating aspects of Maastricht, a prospect firmly ruled out by all 12 governments.

Britain's desire to start enlargement talks with European Free Trade Association countries during its forthcoming presidency as a way of enticing Den-

mark back into the fold found little support.

Mr Kohl, President François Mitterrand of France, and the leaders of the northern Benelux countries, all spoke in terms of the Community only beginning to give serious consideration to negotiations with Eta in 1993.

Mr Ruud Lubbers, the Dutch prime minister, suggested that with the south anxious about getting more aid from the EC budget and the north preoccupied with

enlargement, public opinion in both regions of the Community would only be satisfied if the Lisbon summit gave equal weight to both issues.

EC leaders will try to do this in today's final communiqué. Just how difficult a task this will be was underlined last night when Portuguese prime minister António Góis Silva suspended the summit's plenary session for talks with Mr Kohl and Prime Minister Felipe Gonzalez of

Spain, the standard-bearer of the south's quest for more structural aid.

Earlier debate had shown positions far apart. A majority led by Germany and the UK was opposed to making firm pledges of money. They backed a suggestion by Mr Jacques Delors, the Commission president, that Brussels' plan to increase EC spending by a third should be stretched out over seven, rather than five years.

## Possibility of military action played down

# Bush calls crisis meeting over aid airlift for Bosnia

By Robert Mauthner in London, Patrick Blum in Lisbon and Laura Silber in Belgrade

**US PRESIDENT George Bush** yesterday called an emergency meeting of his top security advisers to discuss the rapidly worsening situation in Bosnia and the implementation of an international aid airlift to the region's beleaguered population.

The meeting, attended by Mr James Baker, secretary of state, Mr Dick Cheney, defence secretary, and Mr Brent Scowcroft, national security adviser, was convened amid harrowing reports of the plight of 300,000 starving people, blockaded by Serbian forces in the Bosnian capital of Sarajevo.

But US officials played down speculation that Washington and its allies were contemplating military action to end the fighting, mainly between the region's Serbs and Muslims.

Before the meeting, Mr Baker said he did not believe the international community had the authority under current United Nations resolutions to use force to ensure humanitarian aid reached its destination.

Nor, despite regular continuous consultations between members of the Security Council, were there no any plans to pass a new UN resolution authorising the use of force at this stage, a senior State Department official said.

The Pentagon confirmed that US forces in Europe were on alert

as much long as 10 days ago to transport food and medical supplies to the population of Sarajevo but stressed that the go-ahead would be given only when a ceasefire was in place.

EC government leaders meeting in Lisbon yesterday were divided over what to do about the Bosnian crisis and generally cautious over suggestions that force could be used to open Sarajevo airport.

French president François Mitterrand called for tough measures, but did not spell these out. However, his spokesman was cool about proposals for military intervention and emphasised that "Europe had neither the vocation nor the means to be a policeman

nor, despite repeated calls for a naval embargo on Serbia and the withdrawal of anti-aircraft guns from the Serb-held city airport. Shelling continued yesterday in parts of the city in defiance of Mr Karadzic's order.

## BP shares fall 15% on fear of possible dividend cut

By David Lascelles, Juliet Sychava and Norma Cohen

**BRITISH PETROLEUM** shares yesterday fell by 15 per cent in the wake of Thursday evening's boardroom coup which ousted Mr Robert Horton, the chairman and chief executive. The shares closed at 20p, a loss of 3p on the day, taking them to their lowest point since autumn 1988.

The fall was prompted mainly by fears that the company's new management, headed by Lord Ashburton, the chairman, would be forced to halve the dividend to ease BP's strained balance sheet. There were also rumours of a £1bn-2bn rights issue.

Nevertheless the City was generally positive about the sudden change in leadership at the UK's third-largest company by market capitalisation. Analysts welcomed an end to the frictions caused by Mr Horton's style of management.

They also reacted favourably to the appointment of Mr David Simon as chief executive. His financial background and diplomatic manner were seen as posi-

tive attributes in BP's current difficult situation.

"He's more financially oriented and BP's problems are financial," said Mr Paul Spedding of Kleinwort Benson Securities.

It also emerged yesterday that the prime movers behind the coup were the non-executive directors from the business community on BP's board.

Lord Ashburton, a former chairman of Barings merchant bank, Sir Patrick Sheehy, chairman of BAT Industries, Dr Carl Hahn, chairman of Volkswagen, and Mr Charles Knight, chairman of Emerson Electric, were said to be among those keenest to remove Mr Horton.

BP called large shareholders yesterday to say that the company would be in contact shortly and that Mr Simon would be available to answer questions.

Institutional shareholders were concerned that the boardroom coup might have been carried out without any alternative strategies in mind. The dominance of Mr Horton's personality and the concentration of power in his dual role as chairman and chief

executive would have made it difficult for the new management to prepare any fresh measures to deal with BP's difficulties.

Analysts said there had been recent signs that the second quarter's earnings prospects had deteriorated. Some factors out of BP's control, such as the weakness of the dollar, are likely to affect earnings, while larger-than-expected redundancy costs in its US operations will also result in a charge to earnings. BP is due to announce its interim results on August 6, but this date may be brought forward.

BP itself made no public comment yesterday following Mr Horton's dramatic resignation. Staff were said to have been surprised by the changes, but generally supportive.

Mr Horton also refused to comment. He spent the early part of yesterday at his country home in South Stoke, Oxfordshire. He bought the morning papers at the local newsagent and later left by car with his wife for Oxford.

A classic coup, Page 6 Lex, Page 22

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## NEWS: INTERNATIONAL

# Operation Mickey a publicity coup for French farmers

By Alice Rawsthorn in Paris

HUNDREDS of French farmers in tractors yesterday blockaded the road entrances to Euro Disney and condemned US companies for "trying to force Europeans out of world markets".

The demonstration, code-named 'Operation Mickey', is the latest development in French farmers' protests

against the European Community's agricultural reform.

Farmers have been demonstrating across France for several weeks against planned cuts in guaranteed prices and enforced reductions in cultivated areas which small farmers fear will drive them off the land.

Mr Luc Guyau, who was on Thursday elected president of the French farmers' union,

declared that his members did not "want to see France colonised by Euro Disneyland".

Protest leader Jean-Louis Colas of the mainstream farmers' union FNSEA said: "We chose Euro Disneyland because it is a symbol. It is built on agricultural land.

"It also symbolises America. Without American pressure, the reform of the European agricultural policy could have

been different," he said.

Opération Mickey is the latest in a long list of problems to have hit Euro Disneyland, since its opening in April as Europe's largest and most expensive theme park. As well as the intellectuals' attacks, the park has been hit by bad publicity over rows with suppliers and rumours of poor attendances.

The farmers' protest began

early yesterday morning when hundreds of agricultural workers from neighbouring areas converged on the theme park at Marne La Vallée outside Paris. By mid-morning an estimated 500 farmers with more than 200 tractors had encircled the park closing the access roads to the car parks.

Two squads of riot police

were dispatched to Euro Disneyland but there were no

disturbances. The farmers dispersed at lunchtime after passing by their tractors for the television cameras and the park opened as usual. However the road-block did trap thousands of would-be visitors including 80 coaches, carrying 2,000 school children, and more than 100 cars.

For the farmers, who earlier this week were forced to abandon plans to stage a similar

road-block around the French government's congress at Versailles, the Euro Disneyland demonstration was a successful publicity coup.

Euro Disneyland has been left to brace itself for the chilling prospect that it could be a target for future French political protests.

"We are still assessing the situation," said a spokesman.

## NEWS IN BRIEF

## India's reforms win aid support

Western donor nations yesterday demonstrated their support for India's economic reform programme by increasing multilateral and bilateral assistance this year by 7 per cent in nominal terms to \$7.5bn, writes David Housego in Paris.

Donor nations, gathering in Paris for the Aid India consortium, intended that their pledges for 1992-93 should be seen by the Indian government as reflecting a need for more rapid restructuring.

Mr Montek Ahluwalia, secretary for economic affairs and head of the Indian delegation, acknowledged this in saying that the government would take "further steps to deepen and intensify the process of structural reform in the next year or so".

## Running-mates eliminated

The choice of Senator Bill Bradley from New Jersey and Governor Anne Richards of Texas for prominent speaking roles at next month's Democratic convention is believed to be a sign that neither will emerge as Mr Bill Clinton's presidential running-mate, Jurek Martin reports in Washington.

The vice-presidential nominee traditionally makes his acceptance speech on the penultimate night of the convention and is not given any other speaking slot. Mr Bradley has been selected as one of the keynote speakers in New York and Governor Richards has been named convention chairman.

## Rail workers end shutdown

Railway employees in the US were returning to work yesterday, after Congress passed legislation late on Thursday which effectively ended the shutdown of the nation's freight system, writes Nikki Tait in New York. The bill provided for an immediate cooling-off period in the dispute, followed by binding arbitration if no settlement is reached in negotiations between rail unions and management.

## Australian merger law

Australia is to introduce tougher merger laws and higher fines for anti-competitive trading practices, reports Emilia Taggart in Canberra. Amendments to the Trade Practices Act are to be introduced in August, including a dramatic rise in maximum penalties from A\$250,000 (£100,000) to A\$10m for companies, and from A\$50,000 to A\$500,000 for individuals. New legislation will allow the Trade Practices Commission to block mergers and acquisitions that will substantially lessen competition in a market.

## French paper to be sold

*La Tribune de l'Expansion*, one of France's leading financial newspapers, is expected to be sold within the next ten days, Alice Rawsthorn writes in Paris. The Expansion group, which owns *La Tribune*, yesterday told the newspaper's staff that it was in negotiations with two prospective purchasers for the financially troubled paper. *La Tribune*, like the rest of the French financial press, has suffered from the slowdown in the French economy and the sluggish state of the Paris stock market.

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# Rabin pledge on freezing settlements

By Hugh Carnegy in Tel Aviv

ISRAEL'S prime minister-elect, Mr Yitzhak Rabin, said yesterday he would freeze Jewish settlements in areas of the occupied territories he does not consider vital to Israel's security. He would also cut off state subsidies to existing settlements beyond that available to equivalent areas within Israel.

The Labour party leader reiterated his support for elections among Palestinians in the West Bank and Gaza Strip to choose "a body that will serve as a self-governing authority". Palestinians had unsuccessfully sought a settlement freeze and such elections from the outgoing government led by the Likud party.

Mr Rabin said he would ready to present a Labour-led coalition government to parliament when the Knesset resumes in mid-July. Peace negotiations are tentatively set to resume in Rome at the end of July.

Final official results from Tuesday's general election showed Labour's total in the 120-seat Knesset has slipped to 44 from the projected 45. But in alliance with Meretz, a minority pro-peace grouping, and with the support of small Arab parties, Mr Rabin can still command 61 seats.

Labour officials said yesterday they also expected two ultra-orthodox religious parties to join the coalition. Likud, which won only 32 seats, is set for opposition for the first time in 15 years.

Mr Rabin had previously said he would divert the estimated Shk3bn (£266m) the pre-

vious government spent on settlements to investment inside Israel "proper". Yesterday, he said he would impose a "freeze on new settlements in areas I call political settlements" and remove incentives for the settlements, such as preferential mortgage subsidies. "I'm going to cut all the government money budgeted beyond what normal people get."

He hoped this would facilitate Israel receiving \$10bn in US loan guarantees blocked because of Likud's refusal to freeze settlements. However, Mr Rabin repeated that "political" settlements did not include those in the Jordan Valley, the Golan Heights or the Jerusalem area. He would decide on his policy towards these later.

No change would be sought in the format of the current Middle East peace negotiations, but he would change the content. He gave no details beyond saying he supported interim arrangements in the West Bank and Gaza Strip as envisaged in the 1979 Camp David accords with Egypt. This would include elections for Palestinian representatives to negotiations and a Palestinian self-governing authority.

Likud yesterday was digesting the decision by Mr Moshe Arens, the defence minister, to retire from politics. He was considered a leading contender to succeed Mr Yitzhak Shamir, the prime minister, who is also expected to step down soon as party leader. Mr Arens' departure may improve the chances of Mr Binjamin Begin, son of the late Menachem Begin, Likud's first leader.

# Industrial output tumbles in Japan

By Steven Butler in Tokyo

JAPAN'S industrial output plummeted in May by 8.7 per cent compared to a year ago, the most severe year-on-year decline since 1975, the Ministry of International Trade and Industry said yesterday.

However, it was insufficient to encourage any drop in the high levels of inventories, which rose by a seasonally adjusted 0.4 per cent during the month compared to April. Inventories were 5.5 per cent higher than a year ago.

Shipments declined by 1.4 per cent, month-to-month, indicating that final demand is still declining.

The rise in inventories suggests industrial output will decline further in the months ahead as manufacturers cut production to clear the overhang of unsold goods. Yesterday's figures also bring into question the timing of an expected recovery, which the government expects to come in the autumn.

• Sales at large-scale stores in Japan rose by 0.3 per cent in May, compared to a year ago, Miti said. However, the increases were concentrated in supermarkets, while department store sales declined by 0.7 per cent.

The declines reflected consumer preferences for cheaper goods.

Industry observers say Bulgaria is producing more than half the world's attar. It enjoys the right combination of climate and soil in its main rose-growing area, the Valley of Roses, a wind-sheltered valley extending more than 70 miles along the Balkan mountains range. The oil-producing roses here flower for only 30 days a year, from mid-May to mid-June, and are picked in the early morning – otherwise the unique aroma disappears.

As thousands of Bulgarians and foreign visitors enjoy the annual festival, industry officials are asking how the political changes in the country may affect the industry.

Mr Evgeni Hristov, president of the Research Institute of the

oil-producing roses are picked in the early morning to capture the unique aroma

The consequences of restitution of the land to its former owners, which is already taking place, and the future privatisation of state companies, are some of the concerns. The rose oil industry is still 96 per cent state-owned, but the pro-communist owners will have the right to re-claim land once the restitution bill is passed.

The institute has been state-owned since it was founded in

Rose in Kazanluk, said he was worried over whether new landowners would buy their seedlings from the institute, which controls the country's rose quality. "Our main task is to keep up the quality of the world-famous Kazanluk Rose that we have been selecting for such a long time," Mr Hristov said.

1907, but its current administration hopes to transform it into a joint stock company with possible foreign participation. Since economic reforms started last year, the institute has become a state-owned limited liability company, self-financed mainly through the sale of seedlings.

A number of foreign companies have shown interest in the cultivation of roses and other

essential oil crops, such as lavender and spearmint. The Bulgarian Rose Company in Kazanluk has been negotiating with Belgian and German partners for the processing of these crops. An Italian businessman visited the Research Institute of the Rose last week to discuss the production of beauty creams based on Bulgarian rose-prominent compositions. Pharmachim, a Bulgarian state-owned joint stock company, is the leading exporter of the country's Rose Gold. Fragrance-producing companies, such as the Swiss-French Givaudan-Roure, the American IFP (International Flavours and Fragrances), the Dutch-British Kuest, the French Charabot, or the British-American Bush Boac Alan are some of its traditional customers. Such companies then deal with the top perfume manufacturers and Bulgaria's attar finds its way worldwide and back to its country of origin as an essential ingredient of Tosca, Opium, or Carrera, to name but a few of the perfumes.

The Bulgarians, who badly need foreign currency for their ailing economy, say they welcome western partnership. They are still cautious, however, when it comes to direct foreign investment and partnership in their most prestigious industry. American companies have been trying to invest in the cultivation of roses, provided there would be offers to buy all the rose oil produced. Bulgaria has been reluctant to make such a deal for fear of over-dependence on one client and loss of its traditional European markets.

Mr Lalyu Chadarov, production manager of the Kazanluk institute, said he believed strict controls would have to stay as the industry opened to private and foreign investment.

"Such central control may not seem to correspond with the free market principles, but otherwise profit-hungry private companies may ruin the image of our rose oil with attempts to sell sham products," he said.

# US warned on foreign company tax

By George Graham in Washington

PROPOSALS FOR increasing taxes on foreign companies operating in the US have drawn a sharp attack from the Organisation for Economic Co-operation and Development, the Paris-based grouping of the main industrialised countries.

Joining criticism from several individual European countries, the OECD says the proposals, contained in a draft bill put forward last month in Congress and endorsed this week by Mr Bill Clinton, the presumptive Democratic presiden-

tial candidate, would force the US to violate its tax treaties with other countries.

Mr Jean-Claude Paye, OECD secretary general, has written to Mr Nicholas Brady, US Treasury secretary, to warn that the bill, in its present form, "could have a damaging effect on the future development of world trade and to the long-run interests of the US".

The OECD committee on fiscal affairs, which brings together representatives of the tax administrations of the 24 member countries, complained particularly at a meeting this week about a measure to tax

foreign companies as if their profit margin on gross receipts were at least three-quarters of the industry average, regardless of whether or not they actually made a profit.

This would be a serious breach of the OECD's rules on transfer pricing and could violate the non-discrimination article of some tax conventions, the committee said.

It also singled out measures to limit tax treaty benefits to qualified residents of the treaty country. This could have a damaging effect on the future development of world trade and to the long-run interests of the US.

The tax measures form part

of a bill proposed by Mr Dan Rostenkowski and Mr Bill Gradison, the Democratic and Republican leaders of the House of Representatives ways and means committee, and are designed to help pay for \$1bn of tax relief for US-based multinational corporations.

Aides to the two congressmen emphasise that they do not intend to bring it to a vote this year, but hope by floating a number of ideas to develop a consensus around measures to be included in a tax package next year.

"The bill is very much a discussion draft," one aide said.

# Supreme Court shows liberal face

By Jurek Martin in Washington

THE US Supreme Court ruled yesterday that airport authorities may ban religious and other groups from soliciting for money at their facilities, but may not stop them handing out literature.

In another important ruling, the court found that the state of Mississippi still had not done enough to rectify its history of racial segregation in higher education.

Both verdicts are being minutely examined for hints as

to how the court will rule on the highly controversial Pennsylvania abortion case, a judgment now expected on Monday.

A common conclusion is that the court is not proving as reflexively conservative as suggested by its political heritage, which has been accentuated by the appointments of the bench of presidents Reagan and Bush.

However, there were reports yesterday that the abortion ruling had been delayed until Monday to permit either Justice John Paul Stevens or

the judgments show how finely the court is now divided. It issued two rulings, the first, banning solicitation, determined that an airport is not "a public forum" under the constitution, the second found that to ban leafleting would be to abridge the constitutional protection of free speech.

Justice Sandra Day O'Connor, the first woman on the court and an increasingly influential swing vote, produced laughter in court yesterday when she declared "If anyone can figure that out, they're doing well".

Harry Blackmun, who have supported freedom of choice, to write even more blistering dissents over the weekend.

The airports ruling was on a case in which the Hare Krishna sect had challenged a New York ban on their presence at airports.

Passengers at many US air terminals have to run a gauntlet of appeals from religious, charitable and political groups, with a background public address announcement saying that the airport authority was in no way approving of such activities.

The judgments show how finely the court is now divided. It issued two rulings, the first, banning solicitation, determined that an airport is not "a public forum" under the constitution, the second found that to ban leafleting would be to abridge the constitutional protection of free speech.

A new law was necessary following German unification, to reconcile the virtual abolition-on-demand in east Germany with the western prohibition, unleashing a stormy two-year long debate.

Justice Sandra Day O'Connor, the first woman on the court and an increasingly influential swing vote, produced laughter in court yesterday when she declared "If anyone can figure that out, they're doing well".

Both verdicts are being minutely examined for hints as

## Challenge to German abortion law

By Quentin Peel in Bonn

OPPONENTS of a liberalised abortion law in Germany will challenge it in the constitutional court in Karlsruhe, following a clear majority vote in favour of the bill in the Bundestag early yesterday morning.

The Roman Catholic church also promised to continue its campaign to prevent the law being put into effect.

The compromise agreed yesterday by a vote of 357-284, after 14 hours of debate and two hours of voting, would allow a pregnancy to be terminated up to 12 weeks from conception, provided the mother had been given formal counselling at least three days before the operation.

An attempt by a majority of the Christian Democrats and Christian Social Union in the Bundestag to pass an alternative, which would in effect maintain the present highly-restrictive West German abortion law, failed to gain the necessary absolute majority.

NEWS IN BRIEF  
India's reforms win aid support

## Lisbon fails to solve central bank squabble

By David Buchan in Lisbon

A PLAN to site the headquarters of the European Central Bank in Bonn and its operating arm in London looked likely to founder last night.

The plan by the Portuguese presidency is the first attempt at a solution to emerge publicly in more than two years. However, it puts into play the issue of how the Community is to find a home for six planned new institutions. The issue might be resolved at the next summit in Edinburgh in December.

In advance of last night's discussion by EC leaders of sites, Mr Dieter Vogel, the German spokesman, said it was unacceptable for the central bank's "nameplate to be in Bonn, and the real work to be done elsewhere". Publicly, the UK matches Germany in wanting the whole bank for itself, but in private UK officials admit London would be quite content to get the ECB's foreign exchange arm.

The third element in Portugal's compromise on the bank - a Dutch head for the bank - also failed to win the backing of the Dutch government.

## Poorer states face wait for money

By David Gardner in Lisbon

THE EC's poor southern members and Ireland appeared last night to be losing their battle to win firm commitments now from their richer partners on increased financial transfers from the Community budget.

Britain and Germany gained majority support for postponing concrete sums until the Edinburgh summit in December, although both insisted that the commitment to "cohesion" reached at Maastricht still stood.

Fears that delays in agreeing the so-called Delors II finance package could sour public support for Maastricht in the southern countries mean this summit is likely to reaffirm the EC's commitment to cohesion.

In February, Mr Jacques Delors, European Commission president, proposed increasing EC revenue by a third from next year to 1997. This would mean a rise in the budget from Ecu66.7bn (£46.82bn) now to Ecu87.5bn (£61.42bn) in 1997, at 1992 prices, yielding an increase from Ecu18.6bn to Ecu29.6bn in structural and cohesion finance for the poorer member states.

There is wide consensus on the need to step up spending significantly on foreign policy and aid. But Mr Delors appears to be backing down on seeking similar increases for research and training, as part of a more

it believes its case for the bank going to Amsterdam was strengthened when that city lost out to London as the site of the European Bank for Reconstruction and Development.

The key to resolving the deadlock has been a deal between France and Belgium over the European Parliament. Portugal has suggested a pledge that the French city of Strasbourg would continue to host a minimum of 12 plenary sessions of the parliament, but that MEPs could hold up to five "extraordinary" full sessions in Brussels, where many deputies find it convenient to be close to other EC bodies.

Other elements of the Portuguese package would place the EC's planned environment agency in Copenhagen, its trademark office (agreed in principle a decade ago) in Madrid, its training foundation (for eastern Europe) in Berlin, and a mooted drugs agency in Lisbon.

Putting the environment agency in Copenhagen would be a clear sop to the Danes, but were Denmark eventually to leave from the Community, Milan could be a candidate for the agency.

co-ordinated EC policy to sharpen industry's competitive edge.

Faced with unyielding opposition led by Britain and Germany yesterday, he suggested postponing the overall increase in revenue for two years, with his original proposals coming into effect in 1995-96.

A majority was crystallising around this compromise last night, with Spain, Ireland, Greece and Portugal (with some support from France) holding out against it.

Mr Felipe Gonzalez, Spanish prime minister, said the original Commission proposals were the minimum Spain could accept. Postponement to 1999 would give the impression that economic and monetary union - scheduled for 1997 or 1998 at the latest - was being postponed.

President François Mitterrand said "we have to fulfil all the undertakings of Maastricht, but especially the structural commitments."

The UK, which takes over the EC presidency next week and will have to conclude the debate on EC future financing, said there was still Ecu9.7bn in headroom under the existing budgetary ceiling, without raising it by a third. It added that further cuts in the farm budget, and the net contributions of new entrants to the EC from the Nordic and Alpine countries, would add still further financial flexibility.

## Rail workers end strike

By David Gardner in Lisbon

THE EC's poor southern members and Ireland appeared last night to be losing their battle to win firm commitments now from their richer partners on increased financial transfers from the Community budget.

Britain and Germany gained majority support for postponing concrete sums until the Edinburgh summit in December, although both insisted that the commitment to "cohesion" reached at Maastricht still stood.

Fears that delays in agreeing the so-called Delors II finance package could sour public support for Maastricht in the southern countries mean this summit is likely to reaffirm the EC's commitment to cohesion.

In February, Mr Jacques Delors, European Commission president, proposed increasing EC revenue by a third from next year to 1997. This would mean a rise in the budget from Ecu66.7bn (£46.82bn) now to Ecu87.5bn (£61.42bn) in 1997, at 1992 prices, yielding an increase from Ecu18.6bn to Ecu29.6bn in structural and cohesion finance for the poorer member states.

There is wide consensus on the need to step up spending significantly on foreign policy and aid. But Mr Delors appears to be backing down on seeking similar increases for research and training, as part of a more

## Major sets out British priorities

By Philip Stephens,  
Political Editor

A DIRECT link between the Community's prospects of rescuing the Maastricht accords and Britain's determination to decentralise EC decision-making was drawn yesterday by Mr John Major.

Sketching out Britain's priorities for its presidency, the UK prime minister said EC leaders must respond to the growing anxieties of European voters about the direction of the Community and his partners' concern to rescue European union.

Mr Major, who underlined his personal commitment to Maastricht, suggested that its rejection by the Danish electorate reflected much wider fears across Europe about the creation of a Brussels "monster" out of touch with popular aspirations.

Brushing off the threat of rebellion by Conservative MPs, he insisted that his government would meet its obligation to ratify Maastricht.

In a contribution to the summit designed to balance his determination to keep Britain at the "heart of Europe" against the concerns of Conservative Euro-sceptics at home, Mr Major set our priorities for the British presidency.

The first was to give "life" to the concept of subsidiarity - the devolution to national governments of powers which had been unnecessarily assumed by Brussels. He told the summit that the Commission should be obliged to give more effective justification for all new legislation and should consider ditching unnecessary or outdated directives.

He suggested that EC governments should supplement that drive to reduce public concerns about the "remoteness" of the Community with much greater efforts to strengthen links between national assemblies and the European parliament in Strasbourg.

In parallel the Community should demonstrate its commitment to a wider Europe by finalising a negotiating position for the first batch of Efta applicants to the Community.

Mr Major said he was ready to meet half-way the insistence of the southern EC states that negotiations on enlargement should not start until the Community had established the "cohesion" fund envisaged at Maastricht.

British officials said the prime minister's refusal to accept an immediate increase in the Community's financing ceiling in no way undercut his readiness to see the establishment of a cohesion fund.

Mr Major's position was that there was ample room within the existing constraints to finance cohesion payments for at least two years.

More democracy and openness will tempt Copenhagen back into the European game

## Denmark's strategy to rejoin the team

By David Gardner in Lisbon

ONLY more open and accountable decision-making will enable the Community to continue moving forward as 12, Mr Uffe Ellemann-Jensen, the Danish foreign minister, said yesterday.

Denmark would wait to the end of the year before deciding whether to put new proposals to its voters, who narrowly rejected the Maastricht treaty on June 2, triggering a crisis in the EC.

"What we need is more democracy in the institutions, more open decision-making," Mr Ellemann-Jensen said. "We hope that this will lead to a new landscape, where new decisions can be taken."

He said there would have to be "a much clearer situation" on how EC decisions are taken before Denmark could "make concrete suggestions" about how to resolve the crisis.

He would not be drawn on whether his government would hold a new referendum, but said that "political leaders should have the courage to



SUMMIT KICK-OFF: Portugal's prime minister Anibal Cavaco Silva comments on the football scarf of Danish foreign minister Uffe Ellemann-Jensen, while right Germany's Chancellor Helmut Kohl holds up his fingers to indicate that his team would win 3-1

propose changes to their electors."

In saying this he appeared to be hinting at the possibility of renegotiating aspects of Maastricht, a possibility so far firmly ruled out by all 12 governments, including Denmark.

Mr Ellemann-Jensen was in ebullient form, arriving at the summit with a Danish football

team scarf and portable television before last night's European championship final

against Germany. "If you can't join them, beat them," he said, predicting a 2-1 victory over Denmark's powerful neighbour.

Fear of being smothered by Germany is said to have been one reason why Danish voters

turned against the Maastricht treaty, opposition to which has grown as the Danish football team's surprising run of victories has continued.

Moving back to the EC playing field, Mr Ellemann-Jensen said: "The 11 are playing and we are sitting on the bench right now, but I hope we'll soon be back on the

field."

Meanwhile Mr Poul Schlüter, the Danish prime minister, told his colleagues inside the summit there needed to be much greater democratic control over the decisions taken in Brussels. This meant not only decisions taken by the 12 in the Council of Ministers.

## Germans in deal on Maastricht

By Quentin Peel in Bonn

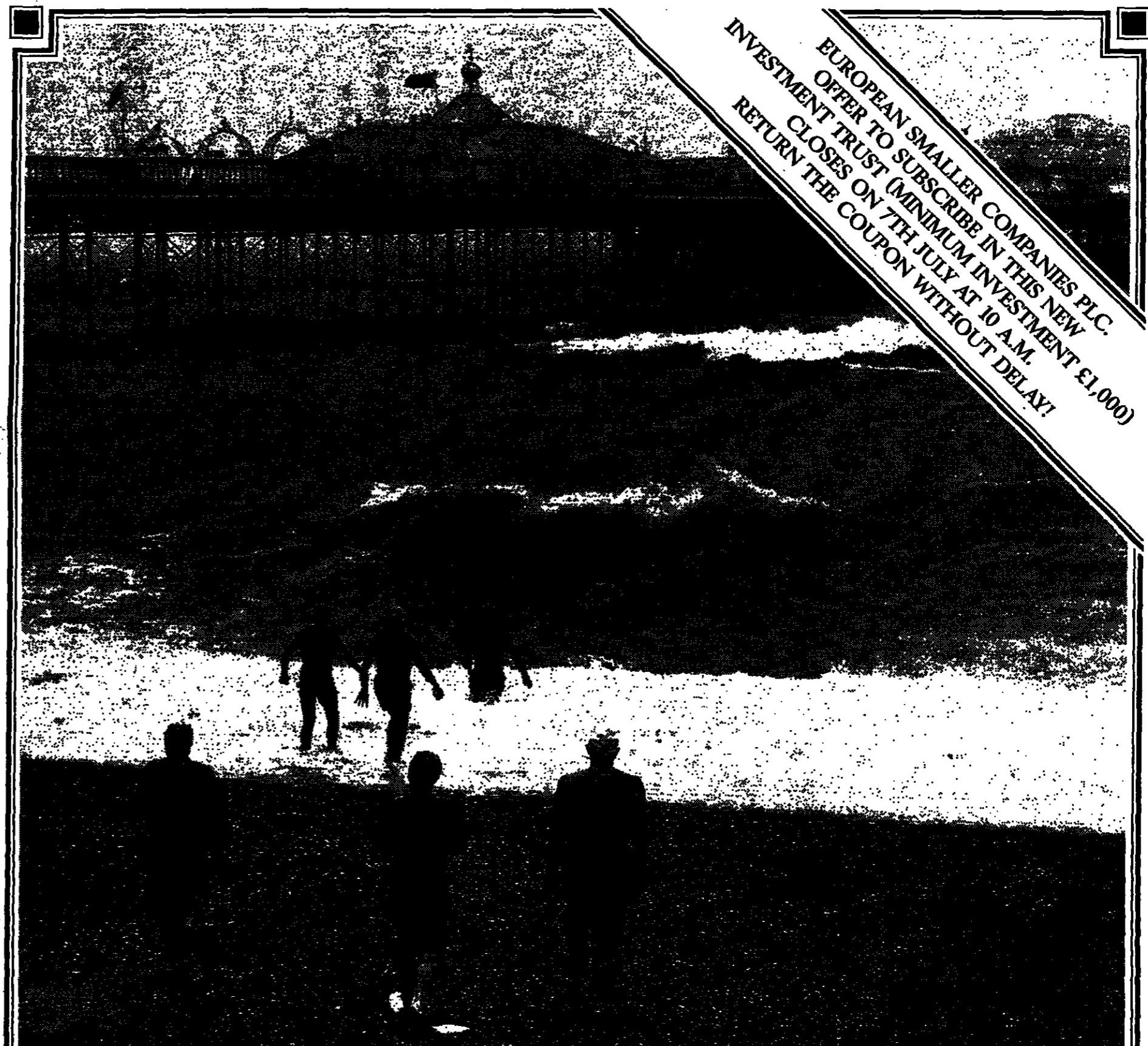
THE constitution committee of the German parliament yesterday agreed on a new clause on European union to be inserted in the German constitution, opening the way for ratification of the Maastricht treaty.

The German government, however, has reserved its position, and may yet seek to water down the clause, which would significantly increase the powers of the 16 federal states in future EC negotiations.

The compromise requires any future transfer of sovereignty to the European Community to be approved by the 16 states in the Bundesrat, the upper house of the German parliament. That needs a two-thirds majority.

More controversially for the government, it also means involving the states in day-to-day negotiations in Brussels. The government would have to heed the views of the states wherever their authority was affected.

The amendment also includes provision for non-German EC citizens to vote in local elections, and for the powers of the German Bundesbank to be transferred to a European central bank.



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# Major to study report on top pay

By Alison Smith

THE CONTROVERSIAL report on pay rises for senior civil servants, military personnel and judges was received by Downing Street yesterday and will be considered today by Mr John Major, the prime minister, on his return from Lisbon.

The recommendations by the Top Salaries Review Body follow the first thorough reappraisal of the salaries of those groups of public servants for seven years, and is said to recommend substantial increases.

Originally the aim had been to take the report at cabinet next Thursday, but it has been agreed that the Treasury should have longer to prepare an analysis of the implications, not least for the present round of negotiations on public-sector pay.

The report is now expected to be discussed at cabinet next week, but cannot be delayed until the cabinet discusses public spending – as is expected in mid July – because the government's decision must be announced to MPs before parliament is dissolved for the summer.

Although by convention the

decision is announced in a written statement, there has to be a parliamentary debate to approve the consequential change to the Lord Chancellor's salary, which is linked to that of the Lord Chief Justice.

In 1985, the last time there was a thorough review, increases of up to 46 per cent were recommended, and in the debate that followed the government's majority of more than 100 was slashed to just 17.

Mr John Townsend, the chairman of the Tory backbench finance committee, has been among the Conservative MPs who have already made clear their concern that the pay rises should not be substantial when the economy has yet to come out of recession.

Opposition MPs have tabled a Commons motion rejecting the idea of comparability between senior posts in the public and private sectors because of the job security enjoyed by public servants.

MPs have also made clear that they would resent any attempt by ministers to link the handling of this report with the separate study by the review body, which is proposing an increase in MPs' allowances for office costs.

## City cleans up after IRA bomb

THE IRA claimed responsibility yesterday for the latest bomb attack in London's financial centre, Bethan Hutton writes.

The bomb – left under a car in Coleman Street, near the Guildhall, on Thursday evening – caused minimal disruption to businesses in the City yesterday. No one was injured in the blast, but the bomb left a crater in the street, and glass

was shattered in surrounding buildings.

At Slaughter and May, the solicitors whose offices were worst hit, work was continuing as usual. The company – which had already taken precautions against terrorist attack – said damage was restricted to glass in two meeting rooms and five offices, and a clean-up would make them usable by Monday.

## Threat to timeshare credit licences

By Guy de Jonquieres, Consumer Industries Editor

THE Office of Fair Trading threatened yesterday to revoke the consumer credit licences of six companies associated with Club Riviera, Britain's largest holiday timeshare group.

This is the first time the OFT has threatened such action against a timeshare company. Its action follows complaints about advertising, marketing and sales practices.

Loss of consumer credit licences would deprive the companies of the right to arrange financing for buyers of their properties.

Three of the companies, Club Riviera (UK), Club Tenerife Sales and Regency Palms Sales, are subsidiaries of the Manchester-based Riviera group. The group has management contracts with the three other companies, Ryefix, Canary Islands Holiday Club and Marbella Beach Club, which are registered in the Isle of Man.

The OFT has given the companies, which specialise in selling timeshare properties in Spain and the Canary Islands, three weeks to argue against the proposed revocation.

Mr Simon Clarke, Club Riviera's sales and marketing director, said yesterday that he did not know why the OFT was threatening action but would seek further information. He said he would seek to retain the companies' licences.

Last September, Club Riviera and Club Tenerife were convicted by Staffordshire magistrates on charges of making false advertising statements.

In 1988 Club Riviera was fined by the Timeshare Developers' Association after allegations that the company was selling flats on the Costa del Sol that were being built without planning permission.

About 90 people complained to the association and the OFT that they paid deposits for flats that were never completed.

That is true, but the Lanarkshire Development Agency, set

## Farewell for Scotland's men of steel

James Buxton on the closure of Ravenscraig and the 800 people made redundant this week

**A**LLAN RODGERS looks angrily back at the Ravenscraig steel plant. "It's criminal to close it," he says. "It's the best steel plant in Europe. I committed myself to British Steel when I left school and though people told me I was crazy I thought I really had a secure job."

Rodgers, 30, is one of the men who this week have walked out of Ravenscraig for the last time. The final batch of steel slabs was poured on Wednesday. The plant no longer casts a red glow in the night sky outside Glasgow. Today 300 of the plant's last 1,200 workers become redundant.

The closure ends the 35-year life of one of the best known and most controversial industrial plants in Britain. As the strong, fit men, mostly in their 30s or early 40s, walk out, their first emotion is anger rather than anxiety about their future.

"Tell Black Bob Scholey [British Steel's chairman] he's a bastard," says one of the plant's maintenance crew. A man who worked in the drawing office says: "This is only happening because it's in Scotland."

Many still seem baffled that British Steel should want to shut the enormous complex which dominates Motherwell. They see a plant with skills and equipment to make types of steel which, they claim, cannot be produced in British Steel's other plants.

In the past few years the labour force has done everything that was asked of it and repeatedly won company medals for breaking productivity records. One middle manager says: "They've done the dirty on us."

The plant is closing because British Steel needs to make savings in a severe downturn and is concentrating production at its three larger plants in south Wales and Teesside. "Get on with the future? Aye, but what future?" asks George Quinn, a senior union convenor at the plant. "It's not as if there's some great employer out there waiting to employ the men."

That is true, but the Lanarkshire Development Agency, set



Reduced to tears: Archie Kirkwood, a local man, mourns the closure of Ravenscraig yesterday

up last year under the Clydesdale tube mill. It will spend the same amount this year.

The EC recently approved the creation of an enterprise zone on 500 acres of land around Motherwell where incoming companies will receive tax allowances and exemption from business rates.

Archie Bethel, LDA chief executive, says: "These are prime sites smack in the middle of Scotland."

British Rail is locating its Scottish terminal for Channel tunnel freight at Mossend, just north of Motherwell. It will employ 150 people and 2,000 more jobs should be generated

in the adjoining freight village – a complex of warehouses and handling facilities.

Some 4,400 steel workers will have lost their jobs by the end of the year and the knock-on effect of the shutdown is expected to cost a further 5,500 jobs. But as a newly paid-off electrician from Ravenscraig admits coyly outside the Era Bar, just across from Ravenscraig: "There's no one that hasn't done very well out of British Steel. In fact I'm glad it's over. It's been a bombshell hanging over us for years."

The men are receiving redundancy pay averaging £20,000 with a few getting more than £30,000. More than half of them have applied for retraining in an EC-financed programme operated by the LDA, which offers them full pay for a year.

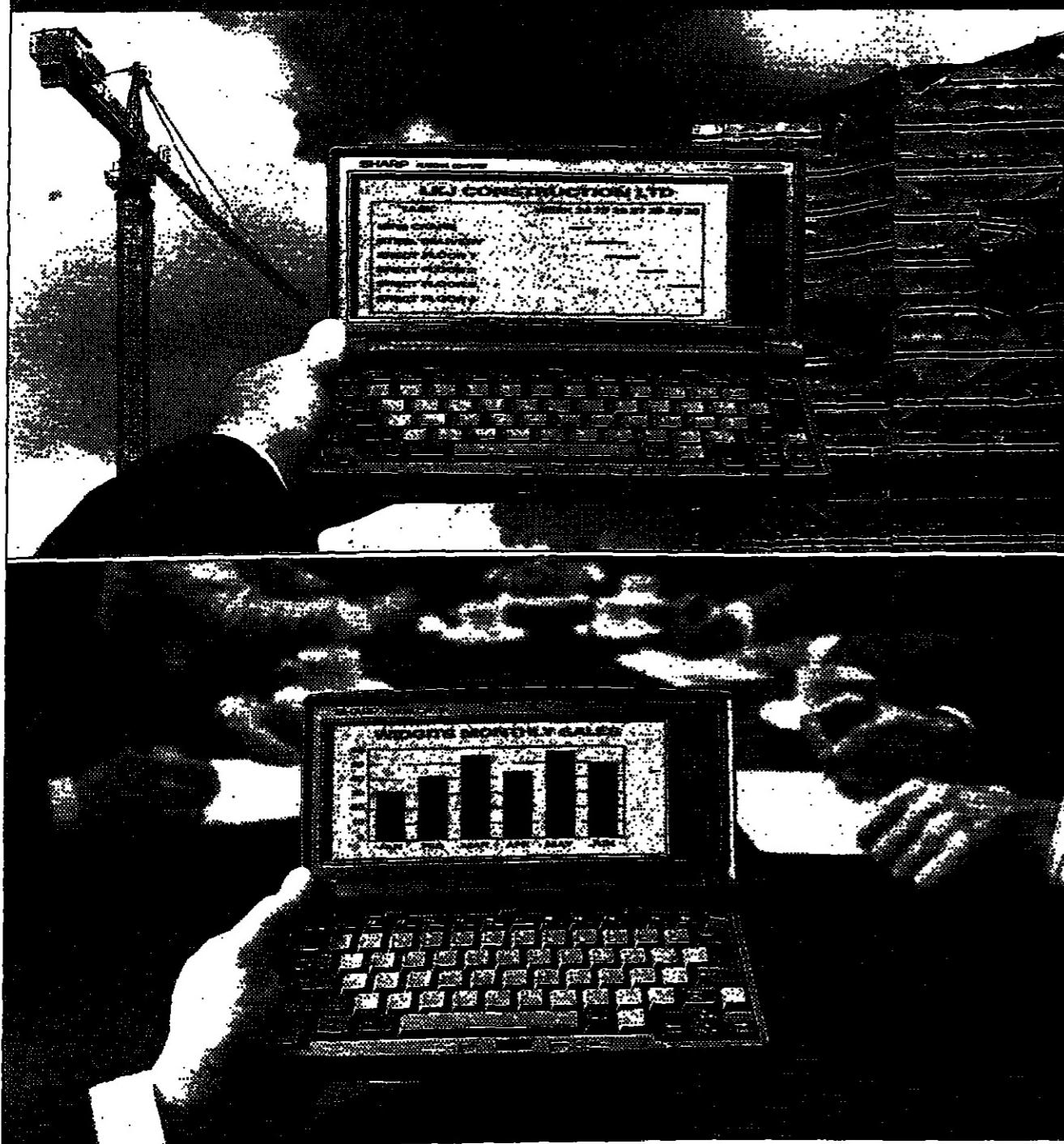
They are being launched into a Scottish economy which, although hardly flourishing, is doing better than many parts of England. Unemployment in Lanarkshire was 13.9 per cent last month, lower than that of Glasgow but well above the Scottish average of 9.3 per cent.

David Ivey, a 33-year-old electrician who worked at Ravenscraig for 17 years, has already taken a job with Scottish in Glasgow. Another electrician has found a job in a factory in Livingston. But Ivey points out that, being tradesmen, they are easier to employ than the production workers, who need to be retrained. "As you reach 50 you can forget it; you're on the scrapheap," he says.

Sean Patton, a 32-year-old steelmaker, looks cheerful as he heads for a course as a heavy goods vehicle driver. John Mackie, 43, and Ken Hanlin, 44, both senior supervisors, are enrolling on courses in total quality management at a college in Hamilton.

The unanswered question is what happens to the 1,000-acre Ravenscraig site. British Steel and Scottish Enterprise are co-operating over a study of how to reclaim the site and devise uses for the severely contaminated land. The LDA believes reclamation may take 10 years and £20m. British Steel has given no commitment to meeting all or part of the cost.

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## FINANCIAL TIMES

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Saturday June 27 1992

## Convergence on mediocrity

**I**F ONE were to encapsulate the message in the latest Economic Outlook from the Organisation for Economic Co-operation and Development, it would be that policy-makers need to get a grip on themselves. Policy is drifting. The legacy of the financial prodigality of the 1980s remains worrying. Equally important are the fiscal problems that the industrial countries are storing up for themselves.

Last year the performances of the major industrial countries diverged sharply, stretching from Japan's impressive economic growth of 4.5 per cent, via Germany's 3.1 per cent, all the way to the US decline of 0.7 per cent and the UK's still deeper decline of 2.2 per cent. This year, by contrast, performance is set to be far more uniform. Unfortunately, it is uniform in its mediocrity.

The OECD believes that the best-performing member of the group of seven industrial countries this year will be Canada, whose economy is forecast to grow at only 2.3 per cent, with the US close behind at 2.1 per cent. Bringing up the rear once more is the battered UK, with economic growth of 0.4 per cent forecast for 1992. Already this looks optimistic. The UK economy may not grow at all between 1991 and 1992.

When vast numbers of households, non-financial businesses and banks have, in effect, been on another bout of 1970s-style inflation, which - to their credit - policy-makers have not permitted, economic difficulties are inevitable. With about 3% per cent inflation expected this year in the OECD, as against an average of 12% per cent in the recession of 1974-75 and 9% per cent in 1980-82, the disillusionment must be profound. But working through a debt overhang rather than inflating it away, a difficult enough task in any case, is still more difficult with real interest rates as high as today's.

### Financial difficulties

Short term real rates do not seem so high, at least outside Europe. US nominal short rates of below 4 per cent are barely positive in real terms, though those of Japan, at 4½ per cent, still give real rates of nearly 2 per cent. This is quite high enough for an economy facing Japan's financial difficulties, symbolised by the ever-sliding share price index, which closed yesterday more than 50 per cent below its peak in early 1989.

Yet in both the US and Japan, the yield curve - the ratio of short term to long term rates of interest - is at least positively sloped. This is a fairly reliable indicator of the stance of monetary policy and suggests that it is expansionary in both cases.

### Monetary policy

So far, so gloomy. But in a much discussed paper, Mervyn King, the Bank of England's chief economist, has argued that investment and much of consumption depend more on long term rates of interest than on short term ones. Taken to its limits, this would suggest that monetary policy, which works directly on short term rates, is ineffective. But Professor King has a point. Unhappily, it is not as comforting a one as all that.

The real long term rate of interest, which depends on expected rates of inflation for many years into the future, would appear unknowable. The British government has, however, done the world the great favour of issuing index-linked gilts, which currently yield 4% per cent. In globally integrated capital markets, expected real rates of interest should converge 4% per cent may, therefore, give no bad indication of the global long term real interest rate.

It seems rather a high real rate of interest during an economic slowdown - well above the normal growth rate of the OECD economies, for example. Why, one might ask, do borrowers have to pay so much? Professor King suggests that higher prospective returns on investment and lower savings are the explanation.

The decline in savings rates has been a striking feature of the performance of the major economies in the 1980s. But in an economic slowdown one might have expected a lower desire to invest to have offset the lower willingness to save. The latest OECD Economic Outlook suggests an explanation: a marked deterioration in the structural fiscal positions of virtually every significant OECD country between 1989 and 1992, Canada being the sole exception.

High long term real rates of interest that are the result of excellent investment opportunities do not imply poor long term prospects for economic growth. But high long term real rates of interest that reflect low rates of savings, in general, and fiscal deterioration, in particular, certainly do. Strong economic recovery may still be possible, at least outside Europe. But the current high real interest rates are also providing a warning about the growth that might follow that recovery. The mediocrity may endure.

**T**hey were anxious to be gentlemanly about it," says a British Petroleum official.

The boardroom coup which ousted Robert Horton from the joint position of chairman and chief executive of BP on Thursday was indeed swift and relatively painless. The messy part came in a confrontation earlier this week. But once the news was broadcast to an astonished world, it was all over and the parties to it maintained a dignified silence. This was broken only by Lord Ashburton, the new chairman, who spoke of the board's "great sadness" at Mr Horton's departure.

Mr Horton spent yesterday at his Thame-side home in Oxfordshire. "Life goes on," he told the local newsmen when he slipped across the road to buy the newspapers with his name all over the front pages.

The coup was also a classic display of the way the business establishment dispatches those who have outstayed their welcome. By showing that a board can bring down even a man who holds all the reins of power, it marks something of a triumph for corporate democracy. The intention, of course, was to do BP some good. But while that seemed to be the general expectation in the City yesterday, large questions about the future of the UK's leading, but financially stressed, company have still to be answered - hence the £15m by which the market value of BP plummeted between breakfast and lunchtime yesterday.

Mr Horton's downfall came as a total surprise, as much to senior people within the company as to outsiders. He had only been in the job since March 1990, and even though he made more enemies than friends with his high-handed manner and aggressive cost-cutting strategy, there were few signs of the pressures that were building up in the boardroom.

It transpires that Lord Ashburton, better known as the City merchant banker Sir John Baring, and his non-executive board colleagues, had been nursing misgivings for some time. Not only was BP faring noticeably worse in the recession than its main competitors - profits were down 85 per cent last year - but Mr Horton's personal style was hitting morale and adding to the problems.

The misgivings were strongest among the other business representatives on the board, people like Sir Patrick Sheehy, the chairman of BAT Industries, Dr Carl Hahn, chairman of Volkswagen, and Charles Knight, chairman of the US company Emerson Electric. After sharing their concerns last week, they confronted Mr Horton at the beginning of this week. According to one account of the meeting, Mr Horton quickly understood that he was being given little choice, and offered to resign.

His resignation was accepted at a full board meeting on Thursday afternoon. This was attended by the other seven executive directors - the heads of BP's various divisions - who all supported the changes and the new appointments. Although it was the non-executives who took the initiative on Horton's ouster, they seem to have had little trouble in getting the executives on side, a further indication of Horton's isolation.

Lord Ashburton himself appears to have played the key role. Scion of the Baring family and former head of Barings merchant bank, he is a leading City figure and former director of the Bank of England. He is also the longest-serving BP non-

# A classic coup for democracy

Bob Horton's departure from BP supports the view that non-executives can keep executives in check, says David Lascelles

### Boardroom drama: BP non-executive directors



executive director with 10 years on the board, which gives him considerable influence. His style is languid. But a banking colleague says:

"He has strong feelings about companies being run properly and effectively. He would be the sort of man to act in a situation like this. He has high standards."

The boardroom drama, rare in a UK blue chip company, would rank as a significant corporate event at the best of times. But it also comes at a moment when corporate governance is a fashionable topic, after the recent Cadbury Report on board accountability.

The BP coup showed two things. It reinforces the view that non-executive directors can play a key role in keeping the executive directors in check. BP is particularly strong on non-executives. They are in the majority on the board by nine to eight, and only they sit on the board's auditing and compensation committees which oversee the accounts and directors' pay.

It also bears out the Cadbury recommendation in favour of splitting the role of chairman and chief executive. Even though the British

corporate tradition tends to separate them, the two positions have always been combined at BP. But Mr Horton's dominating style highlighted the dangers of concentration of power. In future BP is to have a non-executive chairman, Lord Ashburton, and a full-time chief executive, Mr David Simon, until now the chief operating officer.

"This creates a good balance," said Mr Simon. "My executives are fully in agreement that the change is appropriate."

**B**ut as well as providing a more balanced distribution of power within the group, the changes are also intended to bring about a shift in style.

Although people inside BP say that talk of Mr Horton's arrogant manner is overdone - he has often shown acts of great personal kindness - his evident enjoyment of power, his lack of tact and irritating name-dropping habit alienated many of his colleagues. Whether this was due to a supreme self-confidence or the exact opposite was a

matter of debate within BP, but it led to much anti-Horton sniping, culminating in a famous spoof of an FT article, put together with evident relish on some internal BP desk-top printer, depicting Horton as a power-crazed eccentric.

David Simon could hardly be more different. A quiet-spoken organisation man who lost out to Horton in the 1990 leadership stakes and operated in his shadow thereafter, he has never had a chance to show the full range of his leadership qualities. But insiders say that while he will be more user-friendly than Horton, he can be just as tough. The adjectives used to describe him are wily, subtle, diplomatic, and knowledgeable about the undercurrents of the British establishment, something for which Horton had little time.

"Simon knows all about dynamic positioning," said an official, referring to the ultra-precise techniques used by floating oil rigs to adjust to ocean currents and winds, and stay stable in a storm. "He has an ability to stay right over the hole. Horton had to be tethered down."

On a broader level, Simon's

appointment may be welcomed. The removal of friction on the board should make it function more smoothly. He is widely approved of by the staff. And the City likes a financial man. But goodwill alone will not be enough to resolve BP's problems. These centre mainly on the group's high level of debt - the result of expensive acquisitions and a share buy-back in the 1980s - and a high cost structure. Ironically, the earlier success of oil exploration activities has also tilted it towards oil production which makes it more vulnerable to changes in the oil price than companies which have a better balance between their production and retailing sides.

The crucial question is whether the change of faces at the top will lead to changes in strategy - and the message from BP is no. The unpopular cost squeeze instituted by Mr Horton will go on, and so too presumably will the job cuts.

The biggest uncertainty is in the stock market where BP's share price plummeted 14 per cent yesterday on fears of a dividend cut and a possible £1bn-plus rights issue to ease the debt problem.

**I**ndustry observers tended to dismiss the rights issue danger. Mr Paul Spedding at Kleinwort Benson Securities points out that for tax reasons, it is cheaper for BP to borrow money in the US than to raise more equity capital. "It doesn't make sense," he says.

But they are more divided over the dividend. Under Horton, BP steadfastly refused to cut its payout even though it had to pay part of it out of reserves after the latest fall in profits. By halving the dividend BP could save itself several hundred million pounds a year, reduce its debt, and give itself a fresh start. A cut announced at the interim results in a month could also be blamed on this week's upheaval.

BP's new chiefs are insisting that no changes in dividend policy have been decided. Simon himself is committed to not cutting the dividend. He told an analysts' meeting last September: "We will not save force majeure, cut our dividend. We have done it only once in our history and that was in the first world war."

What is more certain than dividend policy is another legacy of the Horton era. Simon sent out an internal statement yesterday to senior managers reaffirming the process of cultural change known as Project 1990, and laying stress on greater teamwork and openness. Project 1990 aimed to replace BP's bureaucratic "command & control" style of management with one based on a "delayed" structure and a atmosphere of what Horton called "openness, care, teamwork, empowerment and trust". It is also understood that Simon stands by the proposed cuts in BP's corporate and business head offices, which are seen as an integral part of the group's existing strategy.

Simon's fortunes will ultimately depend on the oil price. Horton told investors at the beginning of this year that all BP's businesses had been "tested against \$18 a barrel oil and found to be robust". Since then a new spirit of co-operation within Opec has helped push the oil price up over \$21 a barrel, which helps. The institutions' view in BP is that the price should continue to rise in the long term, though not to dizzying heights. This suggests that this week's drama was only a prelude to better times at BP.

"We aim to be extremely competitive," said Simon, "but we're fighting a difficult market."

### MAN IN THE NEWS: Jacques Delors



handing more responsibilities to governments is that the EC market will become less single. As Mr Delors said this week: "The best [the single market] can be the enemy of the good [subsidiarity]."

Unevenness in the single market, with all this implies in giving some governments and companies an unfair advantage over others, is clearly a risk Mr Delors is now ready to take. Are others, especially Mr Major? But even if Mr Delors now adopts a lower profile, he will still remain Mr Europe, for better or for worse. Some governments would like to cut the Commission down to size. But the history of the Community shows that the Commission has always played an essential role in making the system work.

Will it be up to the sophisticated challenge of now making a more decentralised system run more effectively than in the past? Some of the burden should fall on the other 16 commissioners. However, there are several pairs of weak shoulders there at the moment. Many may well be kept on by their governments after January 1 1993. In the current climate, Mr Delors is even less well-placed than before to demand a say in any new appointments governments care to make.

So, even though Mr Delors promises to run the Community on a looser rein, he is liable to continue the same autocratic style of management inside the EC executive. This may be a handicap in the "new-look" Community, but it could also be entirely consistent with Mr Delors' future personal ambitions. At present, he is one of the most popular figures on the French political scene. If he makes a success of the next two years in Brussels, he could be nicely poised for the next French presidential election, scheduled in 1995. And the one thing that can be safely said of the Fifth Republic is that no president has ever bothered his head about notions of subsidiarity.

David Buchan and Ian Davidson

## MORSE Sun launch SPARCstation 10.

World No.1 workstation manufacturer Sun Microsystems announce an exponential performance leap with new generation SPARCstation 10 desktop computers. And a matching range of deskside SPARCservers.

At the heart is SuperSPARC, the new Superscalar RISC chip, increasing performance by a factor of two to three. More still with optional multi-processing.

Harnessing the raw power of SPARC is our job. Morse provide Asterix office automation. Open Image Systems document processing. Productivity applications: Lotus 1-2-3/Realtime, WordPerfect, FrameMaker, Interleaf. Running on Sun's Open Windows.

### An Executive Briefing

UK No.1 Sun Reseller Morse Computers have prepared a concise but factual Executive Briefing folder.

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Morse Computers Ltd. 081-876 0404.

This week has been Ross Perot's compressed primary season. No longer exclusively surrounded by the adoring and the bedazzled, no longer buoyed by public opinion polls rising inexorably to the White House, the prospective and populist independent candidate for the presidency has for the first time found himself on the defensive. And, for the first time he has unsheathed his sword, pointed it at his assailant and proclaimed that "Republican 'dirty tricks'" orchestrated by George Bush will not prevail. It has been compelling stuff.

If this year's political form means anything, he ought now to be in trouble, and maybe he is. But form is dangerous to apply to Perot. Most candidates painted by all quarters as paranoid, monstrous, demagogic and a threat to civil liberties and the US constitution in the space of a single week might sense something was amiss. He does not, or at least does not admit it, for the very simple reason that he is convinced that "the people" can see through the muck thrown at him for what it is: the last recourse of a corrupt establishment fighting for its life before it is "taken out of the barn with the rest of the trash".

But the bill of particulars against Mr Perot must be taken seriously. Its common thread was first given political voice two weeks ago by Vice-President Dan Quayle, not normally a consensus man. Mr Perot, he said, was a "temperamental tycoon who has shown contempt for the US constitution".

For Rabbi Moshe Levinger, this week's Israeli general election was both a crushing personal defeat and a stinging setback for the Jewish settlements in the occupied territories which he helped pioneer.

An election broadcast in which the bearded, bespectacled rabbi, once jailed briefly for shooting dead an Arab shopkeeper, was seen blasting away with a pistol did not make the desired impact. Not only did his campaign for the Knesset, the Israeli parliament, fail, but he was blamed by other settlers for splitting the right-wing vote and aiding the victory of Mr Yitzhak Rabin and the Labour party.

But Rabbi Levinger is not about to abandon the militant ideology that drove him in 1988 to lead a band of settlers into the centre of Hebron, an Arab town in the then recently captured West Bank. "Rabin contradicts the whole of Jewish history," he exclaimed in his home in the Hebron settlement, a cluster of heavily-guarded apartments that sits alongside the town's disbelieved Arab souk.

To make his point, the rabbi spread a map over the table. Alongside, an M-16 rifle leans against a lectern used for family prayers. West Bank places like Hebron, Nablus, Jericho, Eli and Shilo were all in the heart of Eretz Israel, the biblical Land of Israel, he said. Jews lived in Hebron until 1929 from ancient times when they were driven out following a massacre.

"This is our country and we cannot stop settlements in Eretz Israel."

Mr Rabin's promise to halt expansion of most settlements has alarmed the settlers. They had grown accustomed to unstinting patronage from the outgoing government led by the Likud party. Their numbers have increased sharply over the past five years from 60,000 to about 100,000, and there is space for another 35,000 in houses still under construction.

The settlers are also agitated by Mr Rabin's plan to grant significant Palestinian self-government as

man of the joint chiefs of staff. Mr Perot, recalling his own conversations with the Father Lao 22 years ago, puts it all down to a cover-up and got some support this week from a Senate committee which concluded that there were 123 Americans unaccounted for in Indochina.

Certainly he has a record of fascination with conspiracies and with Mr Bush's rumoured role in them. He has admitted driving in to the "October Surprise" (the purported scheme whereby the Republican campaign of 1980 sought to prevent release by Iran of the US hostages before that year's election) to see if Mr Bush was personally involved. This week, he cited Mr Bush's presumed involvement in the Iran-Contra scandal, in the pre-war tilt to Saddam Hussein and in the savings and loans debacle.

Next, there is the question of the carefully fostered Perot legend. Time Magazine, noting it not a weather-vane publication, called its cover story this week, "Nobody's Perfect." It questioned, as had Gary Wills, the myth Mr Perot has fostered about the founding of Electronic Data Systems (EDS) 30 years ago. Far from being created solely on the back of a \$1,000 loan from his wife, it reported that it was financed by his then substantial part-time employment contract

with the very medical insurance company in Texas from which EDS secured an early major contract.

Several publications have examined in detail the rigid lifestyle, rules and regulations of EDS. Mr Perot preferred to hire young ex-soldiers to form his corporate shock troops. Homosexuals and women were not in favour, though whether to the extent of illegal discrimi-

nation is unclear. He flatly denies everything and says he only hired private eyes three or four times when employees were suspected of theft.

To Mr Perot this is all character assassination, curiously timed to coincide with his birthday this week, when it was thought he would formally announce his candidacy. To his opponents, it is the unveiling of a character aspiring to be

president who had not until now been subject to much scrutiny, similar in purpose to that visited just as savagely on Mr Clinton earlier.

As with Mr Clinton, there has been a tendency to lose in the wash much of a sense of what Mr Perot actually stands for, as opposed to against. He has in truth spelled out little of his ideas so far and this week put off again the exposition promised for early July. He also frequently claims that whatever he did say was wrongly reported by the media which he patently loathes.

The most revealing interview was three weeks ago in Los Angeles Times, fleshed out off-the-cuff this week in unambiguous language. He stated that the US must again become the world's greatest manufacturing power and that the free trade agreement with low-cost Mexico and the "tilted" trade deck with Japan conspired

and environmental standards in Mexico and thus, by raising costs, discourage the loss of jobs to south of the border. "Those jobs are moving over there like crazy now," he said.

Mr Perot does not consider himself a protectionist, but his is a self-definition. He wants the US to consider Germany and Japan as competitors and, if necessary, to learn from them. "This is a tiny world," he proclaims, from which the US cannot withdraw. But it might change the rules and it could start by turning all its embassies ("ambassadors are just social, you know") into economic missions. It is also, he adds, time for the Germans and Japanese to pay for their own security and for all foreign lobbyists, especially US government officials, to be expelled from Washington.

**T**his is the sort of message his undoubtedly patriotic followers love to hear and any departure from it might cost him support. But it also scares the living daylights out of all those who believe that international relations require frameworks, not all of which can be blithely discarded on a whim. Sooner or later he may have to choose between the two.

He is also already suspected of waffling on the big issues, such as taxation. As it stands, Mr Perot who four years ago said a tax increase was generally necessary and two months ago said could still be ear-

marked for education, now says he would only authorise one in time of war. Also pending clarification is his assertion that wealthier, older Americans should voluntarily give up social security benefits. He has taken the idea back to his computers for number crunching.

What nobody knows is whether this long litany is really beginning to hurt him. He was obliged this week to interrupt his barnstorming national tour to go on television and to hold a press conference to address all the nasty things being said about him in the media.

There were glimpses of what a Perot presidency would be like; a cabinet of all the talents, regardless of party, task forces on every important subject, a rewriting of the banking laws to ensure that small business got enough credit and capital, the White House once again "a bully pulpit" but inhabited by a man who would spend as little contaminating time in Washington as possible. Even some of his friends in the capital have taken to wondering exactly how this would work.

Yet the quote of the week, from the Washington Post article, was Mr Perot telling Mr Bush "the world is full of lions, tigers and rabbits, and you are a rabbit". The next stage of this remarkable presidential campaign, now that the claws are really out, is which of the two of them bleeds most - and whether the real beneficiary of this all-out war will not turn out to be the man who knows what it is like to be bruised, Bill Clinton.

Their message is a barely disguised racism. "The Arab mentality is like a donkey," confided Mr Tougerman. "You have to hit him with a stick to keep him going straight."

In the end, the greatest threat to the settlers is not their nightmare of the army - or a Palestinian government - one day arriving and forcing them to evacuate. More serious, is the threat that their communities may be gradually undermined.

Mr Rabin's pledge to halt the Shik'kon (260m) a year in direct investment and remove the high subsidies available to settlers may cause the many people who move to settlements in search of cheap housing within commuting distance of Jerusalem or Tel Aviv to think again.

Keren Maman in Kiryat Arba has already sensed this. "Our cafe depends on trade from soldiers," she said. "If they withdraw, we will have no business. We are going to be screwed. Everything the Likud did, Labour will ruin."

## The war of words between Ross Perot and his presidential rivals is heating up, says Jurek Martin

# Trial by rabbit punch



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## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Safest way to change money

From *Kerstin Werner*

Sir, As a student I have more time than money to spend ("Plastic has the edge but don't ditch paper yet", June 20). When abroad I have always preferred to take my postal savings book with me. The interest is negligible but there is no cheaper way to change money abroad. There are no commissions, no fees and the exchange rate is competitive. Post offices are everywhere and the opening hours are usually much longer than any bank's. On top of that it is also safe. I used my postal savings book from Portugal to Hungary - no problem at all. No alternative for British tourists?

Kerstin Werner,  
Fessenfeld 23,  
2500 Bremen 1, Germany

### Too risky

From *J D Burrows*

Sir, Members of Lloyd's are facing increasing catastrophe losses cannot be expected to pay into ever mounting reserves for the continuing US asbestos and pollution claims. These risks cannot be reimbursed at Lloyd's since they could not have been perceived at inception many decades ago and they are outside the scope of insurance.

A moratorium should be put on increasing open syndicate reserves as these are now far in excess of those required by other insurers with whom we compete, and have dissipated

### Special education needs denied

From *Stephen White*

have their needs met within mainstream schools.

Parents of these children will have no choice and as the estimate of need is 20 per cent of the school population the government is likely to end up with a growing band of deeply disgruntled parents. The education secretary needs to think again, and quickly.

Stephen White,  
director of information,  
British Psychological Society,  
St Andrews House,  
49 Princess Road East,  
Leicester LE11 7DR

in running costs. As there is to be no rescue, only a levy on all names, a moratorium could only encourage some of us to continue underwriting.

J D Burrows,  
Copdock Church Lane,  
Burton Pynor, Suffolk,  
West Sussex RE20 1PB

### Concentrating on back pain

From *Graham Gard*

Sir, Despite some sensible advice Dr McGannon (Management: "How back pain can make you lose your marbles", June 17) seems to underestimate the preventative benefits of correctly applied manipulation. Just as a badly timed motor-car will eventually stop running, no matter how carefully you drive it, an incor-

### Teaching method to ignore

From *Peter Taylor*

Sir, The teaching method for mathematics by Mr Toru Kumon ("Japan adds a new number to its exports", June 20) gave me an instant impression of a bad April 1 joke. It would fit neatly into the stereotypical niche in my mind which expects people of particular races to behave in a consistently peculiar way.

I just hope that parents and teachers will ignore this programme of school text books, or look at it very critically before infliction it on the ones in their care.

Peter Taylor,  
Spalke,  
Dunmoechyd Road,  
Alsager, Stoke-on-Trent

in running costs. As there is to be no rescue, only a levy on all names, a moratorium could only encourage some of us to continue underwriting.

Combining this approach with sensible, long-term advice will significantly reduce the need for time-consuming and costly bed rest, as well as improving individual working efficiency.

Graham Gard

managing consultant,

Equilibrium

3 Clement Street,

Ware, Herts SG12 7AG

practitioner controlled by specially trained teachers who would see to it that pupils never deviate from the elitist path of getting all work perfectly right; goals of conceptual ability being constantly brushed aside.

I began to wonder about the hard grind it would be for the slow learner, and the ruin it would inflict on those bright children who, in later life, make out to be the quality engineers on whom we rely so much because of their natural love and understanding of machinery of all kinds.

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## COMPANY NEWS: UK

# BM shares slump after Roger Shute steps down

By Richard Gourlay

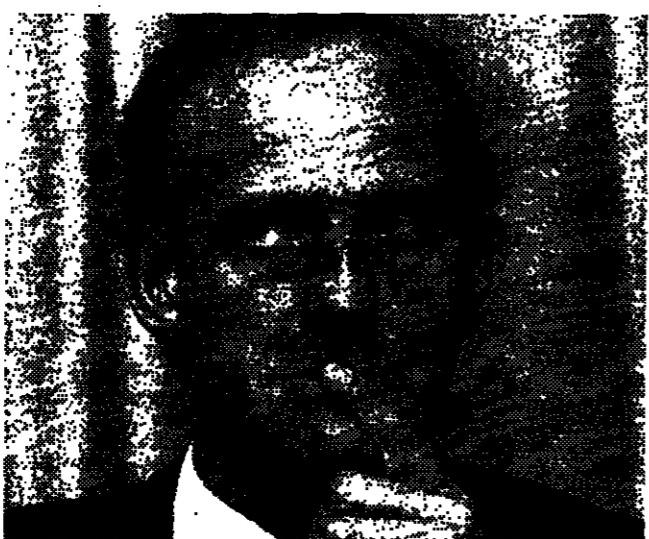
SHARES in BM Group, the construction equipment and engineering group, fell sharply yesterday following the resignation of the company's founding chairman, Mr Roger Shute, on the grounds of ill health.

The shares fell 81p to 233p, 165p below the high at which BM's shares were trading three weeks ago.

Mr Shute's resignation, stemming from an illness that BM described as "lung, stress and cigarette" related, took the City by surprise.

While BM yesterday stressed that Mr Howard Sutton, managing director, has been deeply involved in company decisions for the last 18 months, Mr Shute's departure to the position of president will hit the company hard. "The City when it thinks of BM thinks of Roger Shute," said Mr Mike Costello, analyst at Kleinwort Benson.

Mr Shute effectively started to build the company in 1979 when Beazer, the housebuilding group, split off its engineering companies. Five years later, with Mr Shute at the helm, Beazer reversed these engineering companies into the quoted Graham Millar and kept



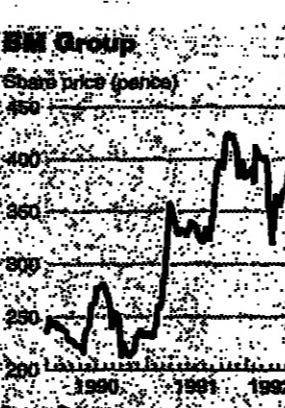
Roger Shute: departure will hit BM hard

a controlling stake until 1986. Beazer, now part of Hanson, sold its remaining 26 per cent stake in 1989.

Mr Shute was the force behind a period of rapid growth through a series of acquisitions. These included Blackwood Hodge, the construction equipment distributor, and most recently the purchase of Thomas Robinson, the engineering group.

Mr Shute will now play a roving role as president in Asia where he has developed strong distribution links with Japanese companies like Hitachi.

The executive chairman position will not immediately be filled. Mr Matthew Thorne, presently non-executive deputy chairman, will become non-executive chairman and Mr Cliff Walker, who joined BM at the time of the Thomas Robinson



acquisition, will also join the board.

Mr Thorne said yesterday the group would achieve almost all its targets in its financial year ending on Tuesday. Gearing would also be reduced from about 75 per cent to 30 per cent.

"Roger Shute has generated very substantial growth," Mr Thorne said. "His daily operational role has been reducing and the same management team that has generated that growth is in place."

Market traders said yesterday that there had been signs of a bear raid on BM's shares in the past weeks. Questions have been posed about BM's accounting of acquisitions and how, despite the recession in construction, the company has managed to report such rapid profits and earnings growth. Pre-tax profits are forecast at £45m this year, up from £24.1m last year and £5.1m in 1987.

## Morland forecasts 28% rise in profits

By Philip Rawstorne

MORLAND, the Thames Valley-based brewer, yesterday shored up its defences against a £10m hostile bid from Greene King with a forecast 28 per cent increase in pre-tax profits to at least £7.6m for the year ending September 30.

Earnings per share were expected to grow 15 per cent to 26.1p; and total dividends would be raised to 8.4p, 18 per cent higher, the company said in a circular to shareholders.

Mr Jasper Clutterbuck, Morland's chief executive, said: "Greene King has been trying to suggest Morland faces strategic difficulties in the new world of brewing. Our forecast demonstrates what nonsense this is."

The forecast does not include any contribution from a trading arrangement agreed with Courage earlier this month. If the Greene King bid fails, Morland will brew 20,000 barrels of Courage beers, and Courage will buy a minimum of 5,000 barrels of Morland's Old Speckled Hen ale a year, generating additional taxable profits of £200,000.

"We would have liked to compare our performance with that of Greene King," Mr Clutterbuck said, "But it has not told us what its profits were for last year. Instead it questions our net asset value. Only on a break-up do shareholders benefit from asset values – it is profits that pay dividends."

Mr Clutterbuck added:

"Greene King's offer – 450p cash or a paper equivalent of about 47.5p – does not even reward Morland shareholders for owning a top performing company with an excellent record and prospects, and it certainly does not contain a premium for control."

Mr Simon Redman, Greene King's chairman, responded yesterday by describing the profit forecast as "feeble".

He added: "It does nothing to mask Morland's strategic difficulties of weak brands, no critical mass, low brewery utilisation, and higher cost production."

Morland had attempted to present the deal with Courage as a solution to its problems. "In reality it is nothing but a quick fix," Mr Redman said.

The bid was triggered last month by the Whitbread Investment Company's need to reduce its stakes in a number of regional brewers to comply with government legislation.

Greene King bought a 28.5 per cent stake in Morland from Whitbread, and was pledged a further 14.8 per cent if no higher bidder emerged.

The East Anglian brewer extended its offer to July 2 after announcing last week that further acceptances of 2.8 per cent had given it control of a total of 46.22 per cent of Morland's shares.

## Exceptional gain helps Southern Water rise 19%

By Angus Foster

SOUTHERN Water, which supplies water and sewerage services to the south coast from Kent to Hampshire, yesterday reported an 18 per cent increase in pre-tax profits for the year to March 31.

The figure rose from £27.1m to £31.5m helped by price increases and exceptional gains on disposals. Mr William Courtney, chairman, was delighted with the figures.

Capital expenditure increased 21 per cent to £171m and the company's net cash position deteriorated from £5m to £17m. This, and lower interest rates, cut net interest received to £2m (£2.6m).

Depreciation increased 4.3 per cent to £23m while infrastructure renewals were 4.5 per cent higher at £16.1m.

The tax charge, for advance corporation tax, held steady at £9.8m and was helped by last year's introduction of a scrip dividend option, which saved about £1m.

Earnings increased 20 per cent to £42.2p (£3.4p). A final dividend of 18p (11.8p) is proposed to make a total of 19.5p.

Among the non-core busi-

nesses, Southern's 50 per cent stake in Stalwart Environmental Services was sold to its joint venture partner, SAUR at book value although provisions of "a few hundred thousand" were made on the sale, according to Mr Martin Webster, group finance director.

Capital expenditure was slightly better than they look. Even stripping out the exceptions, pre-tax profits have grown 12.4 per cent. That is high compared with the rest of the sector, and would have been better still without the heavier-than-expected effects of recession and bad debts. Most of the benefits seem to have flowed from good cost control and cash management. Growth this year will be more muted as Southern goes from net cash to net debt and misses out on exceptions. Forecast profits of £120m put the shares on 6.3 times, which is a touch high relative to its peers, with a yield of 6.5. Although Southern might provide no haven for aficionados of excitement, it is a safe medium term bet.

### • COMMENT

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## Peter Scott resigns from Aegis

By Gary Mead, Marketing Correspondent

AEGIS, the London-based holding company for Carat, which dominates the media-buying scene in Europe, yesterday announced that its chairman, Mr Peter Scott, is to leave at the end of the year.

Mr Scott, 42, will also step down as Carat's chief executive.

Mr Scott was a founder in 1979 of the London-based WCGR group, which renamed itself Aegis in 1990.

Yesterday some of Aegis's competitors said Mr Scott's departure was a blow to Carat, arguing that it could disrupt client relationships.

According to Aegis, Mr Scott's decision stems from his

unwillingness to move to Paris, where Aegis plans to relocate.

Much of Aegis's pan-European activity is already focused in Paris. Thirty-five staff are to lose their jobs at Aegis's London base; another 15 are likely to stay on, the majority moving to Paris by the end of the year.

Mr Scott is believed to have resisted the board's decision to shift management power to Paris but was overruled. Aegis said that following a spate of recent acquisitions across west Europe it needed to slim down its management structure and concentrate its operations.

Mr David Reich, Carat's joint operating officer and an Aegis director, has also decided not to relocate to Paris.

Aegis's deputy chairman, Mr Charles Hochman, 64, has been appointed executive vice president and chief executive of Carat with effect from July 1 this year. Mr Gilbert Gross, who has a stake of almost 30 per cent, is to become honorary president of Aegis.

## GWR shares rise after settlement

By Angus Foster

Shares in Great Western Resources, the oil and gas concern, jumped 4p to 26p yesterday on news of provisional settlement to a dispute which had threatened its survival.

Coal subsidiaries have settled all litigation and disputes with South Carolina Public Service Authority, better known as Santee Cooper, about coal contracts.

Great Western and Santee Cooper have agreed to enter into new agreements and GW will receive \$33m of payments owed but withheld by Santee.

The provisional settlement is conditional on the coal subsidiaries, currently in chapter 11, emerging from bankruptcy. Great Western is therefore trying to renegotiate \$32m of borrowings.

## HSBC has 74% of Midland

HSBC Holdings, parent of Hongkong and Shanghai Banking Corporation, had control of 73.9 per cent of Midland Bank's shares as counting ended of acceptances received by 1pm Thursday. The bank said that its offer had been accepted by 54.8 per cent of shareholders in addition to the 19.1 per cent it already held.

The bid was triggered last month by the Whitbread Investment Company's need to reduce its stakes in a number of regional brewers to comply with government legislation. Greene King bought a 28.5 per cent stake in Midland from Whitbread, and was pledged a further 14.8 per cent if no higher bidder emerged.

The offer is due to be made wholly unconditional on July 10, with trading in HSBC's new sterling-denominated shares likely to start at 2.30pm that

day. HSBC is likely to replace Midland in the FTSE 100 index from July 11.

HSBC corrected yesterday its description of two senior roles created by the takeover of Midland. Mr Bernard Asher will remain head of the Hong Kong bank's enlarged capital markets operation based in London. Mr Stephen Green will continue to oversee the bank's treasury operations and will move from Hong Kong to London to head the combined treasury operation.

## Throgmorton USM accepts purchase offer from new trust

By John Authers

THE BOARD of Throgmorton USM Trust, a smaller companies investment trust, yesterday announced that it had accepted a purchase offer from a newly formed investment trust, to be named Throgmorton 1000 Smallest Companies Trust.

Throgmorton USM has arranged to raise £12m by a placing of ordinary shares with warrants attached, and it is estimated that the trust's net assets will be approximately £37.1m after the offer for the trust and placing have been completed.

The new company will invest in around 100 companies selected from the 1000 smallest UK quoted companies.

According to the timetable, the preference offer for Throgmorton USM is assumed to become unconditional on July 23.

At the end of last year was £24.49m.

Another offer is being made to Throgmorton USM warrant holders.

Throgmorton USM was due to be wound up after next year's annual general meeting, expected in April. Advisers to Throgmorton USM say the deal allows current shareholders the opportunity either to continue their investment in a vehicle which shares a similar investment philosophy, or to realise their investment for cash at a price close to the formula asset value.

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**ECONOMIC DIARY**

| EQUITY GROUPS                          |         | Friday June 26 1992 |            |                  |            |                  |           |           |           |           |           | Highs and Lows Index |           |           |           |           |           |           |           |           |           |
|--|---------|---------------------|------------|------------------|------------|------------------|-----------|-----------|-----------|-----------|-----------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| & SUB-SECTIONS                         |         | Est. Div.           | Gross Div. | Ex-dividend date | Gross Div. | Ex-dividend date | Index No.            | Index No. | Index No. | Index No. | Index No. | Index No. | Index No. | Index No. | Index No. | Index No. |
| 1 CAPITAL GOODS C170                   | 834.79  | -0.7                | 6.88       | 5.51             | 18.86      | 16.21            | 840.40    | 830.76    | 840.87    | 795.27    | 929.04    | 205                  | 739.74    | 10/1      | 1038.07   | 16/7      | 87        | 50.71     | 131/2/74  |           |           |
| 2 Building Materials (22)              | 932.52  | -1.2                | 5.98       | 6.01             | 22.49      | 22.03            | 945.02    | 941.01    | 945.02    | 1022.27   | 1122.52   | 10/1                 | 872.32    | 10/1      | 1048.08   | 16/7      | 87        | 44.27     | 11/2/74   |           |           |
| 3 Construction (28)                    | 484.21  | -0.7                | 3.94       | 7.14             | 57.60      | 24.60            | 882.54    | 884.80    | 885.58    | 1153.67   | 1059.64   | 11/5                 | 887.89    | 10/1      | 1051.50   | 16/7      | 87        | 71.48     | 2/12/74   |           |           |
| 4 Electricals (8)                      | 2494.80 | -1.7                | 6.91       | 8.18             | 18.81      | 23.57            | 972.37    | 953.04    | 953.04    | 2268.08   | 2268.08   | 22                   | 2296.79   | 2/1       | 2040.88   | 8/8       | 89        | 88.79     | 19/5/62   |           |           |
| 5 Electronics (29)                     | 1985.57 | -0.3                | 8.05       | 4.29             | 15.65      | 9.02             | 1973.95   | 1973.95   | 1973.95   | 2074.67   | 2080.64   | 13/5                 | 1165.93   | 10/1      | 2308.22   | 19/5      | 89        | 1229.01   | 9/1       |           |           |
| 6 Engineering-Aerospace (5)            | 340.88  | -1.8                | 10.69      | 11.83            | 17.37      | 347.20           | 339.20    | 374.54    | 343.64    | 367.10    | 20/5      | 313.50               | 14/2      | 502.42    | 13/6      | 89        | 313.50    | 14/2/92   |           |           |           |
| 7 Engineering-General (1)              | 349.29  | -1.3                | 7.74       | 4.59             | 16.06      | 9.02             | 525.70    | 527.74    | 527.98    | 434.64    | 434.64    | 20/5                 | 455.80    | 2/1       | 567.62    | 20/5      | 89        | 313.50    | 14/2/92   |           |           |
| 8 Metals and Metal Forming (8)         | 326.90  | -2.5                | 0.76       | 10.59            | -          | 3.54             | 355.33    | 328.39    | 328.39    | 421.30    | 379.31    | 18/5                 | 295.34    | 10/1      | 596.67    | 9/10/87   | 89        | 49.65     | 6/1/75    |           |           |
| 9 Motors (14)                          | 349.29  | -1.3                | 7.60       | 6.73             | 17.31      | 10.04            | 354.94    | 355.73    | 359.30    | 313.92    | 403.05    | 21/5                 | 277.78    | 10/1      | 411.42    | 13/10/87  | 89        | 19.92     | 6/1/75    |           |           |
| 10 Other Industrial Materials (19)     | 1776.34 | -0.5                | 6.98       | 4.65             | 17.26      | 24.66            | 1767.89   | 1738.52   | 1739.49   | 1674.91   | 1906.15   | 11/5                 | 1495.50   | 2/1       | 1906.65   | 11/5      | 89        | 277.55    | 15/1/81   |           |           |
| 11 CONSUMER GROUP C189                 | 1624.09 | -0.9                | 7.48       | 3.53             | 16.41      | 23.58            | 1638.31   | 1631.40   | 1641.50   | 1713.38   | 1655.23   | 11/5                 | 1761.38   | 8/4       | 227.85    | 11/5      | 89        | 61.41     | 13/2/74   |           |           |
| 12 Breweries and Distillers (21)       | 2081.87 | -1.1                | 7.97       | 3.56             | 15.13      | 29.32            | 2104.93   | 2091.41   | 2124.47   | 1756.42   | 2278.05   | 11/5                 | 1938.05   | 8/4       | 227.85    | 11/5      | 89        | 59.67     | 11/12/74  |           |           |
| 13 Food Manufacturing (120)            | 150.38  | -0.2                | 8.64       | 4.21             | 14.31      | 23.02            | 1525.56   | 1248.22   | 1248.05   | 1627.69   | 1224.43   | 11/5                 | 1224.43   | 8/4       | 192.80    | 11/5      | 89        | 59.67     | 11/12/74  |           |           |
| 14 Paper, Printing and Publishing (13) | 2089.33 | -0.5                | 8.40       | 3.16             | 15.59      | 44.26            | 2084.43   | 2052.31   | 2054.31   | 3422.02   | 454.94    | 14/7                 | 3787.45   | 24/8      | 2494.16   | 14/1      | 89        | 313.50    | 14/2/92   |           |           |
| 15 Petroleum and Household (24)        | 1297.03 | -1.3                | 6.24       | 5.24             | 21.50      | 21.50            | 1291.44   | 1291.44   | 1291.44   | 1291.44   | 1291.44   | 11/5                 | 1210.11   | 2/1       | 1985.77   | 11/5      | 89        | 224.83    | 11/1/75   |           |           |
| 16 Hotels and Leisure (20)             | 1292.03 | -0.7                | 6.24       | 5.24             | 21.50      | 21.50            | 1291.44   | 1291.44   | 1291.44   | 1291.44   | 1291.44   | 11/5                 | 1402.70   | 8/1       | 1721.09   | 11/5      | 89        | 1146.91   | 11/1/75   |           |           |
| 17 Media (25)                          | 1545.76 | -0.6                | 5.25       | 3.39             | 19.79      | 25.08            | 1548.44   | 1541.25   | 1548.52   | 1511.19   | 1722.09   | 11/5                 | 1429.29   | 8/1       | 1755.83   | 11/5      | 89        | 83.46     | 6/1/75    |           |           |
| 18 Packaging, Paper & Printing (17)    | 792.71  | -1.1                | 6.50       | 4.17             | 18.66      | 14.29            | 801.57    | 801.57    | 801.57    | 846.66    | 875.53    | 13/5                 | 714.55    | 2/1       | 875.53    | 13/5      | 89        | 124.66    | 11/12/74  |           |           |
| 19 Stores (33)                         | 1058.07 | -0.1                | 7.15       | 3.50             | 18.46      | 15.85            | 1058.31   | 1051.30   | 1055.46   | 855.23    | 1135.66   | 27/4                 | 941.79    | 3/4       | 1140.58   | 29/7      | 89        | 52.46     | 11/12/74  |           |           |
| 20 Textiles (10)                       | 690.95  | -0.9                | 6.70       | 4.50             | 18.91      | 12.44            | 697.57    | 697.57    | 703.01    | 533.04    | 756.70    | 8/5                  | 587.29    | 8/1       | 914.52    | 2/10/87   | 89        | 1140.58   | 11/5      | 89        |           |
| 21 OTHER GROUPS C116                   | 1263.85 | -0.2                | 5.20       | 12.64            | 19.74      | 1264.50          | 1264.50   | 1264.50   | 1264.50   | 1264.50   | 11/5      | 1195.52              | 11/5      | 1267.85   | 11/5      | 89        | 58.63     | 6/1/75    |           |           |           |
| 22 Business Services (17)              | 1407.48 | -0.8                | 6.34       | 3.67             | 19.26      | 15.14            | 1419.28   | 1408.00   | 1408.42   | 1235.50   | 1511.16   | 11/5                 | 1233.67   | 8/4       | 1511.16   | 11/5      | 89        | 892.21    | 1/1/71    |           |           |
| 23 Chemicals (22)                      | 1424.02 | -0.3                | 7.23       | 4.96             | 16.95      | 31.75            | 1464.52   | 1464.52   | 1464.52   | 1575.41   | 1575.41   | 11/5                 | 1392.40   | 10/1      | 1639.99   | 8/5       | 89        | 712.10    | 1/2/74    |           |           |
| 24 Conglomerates (11)                  | 1258.50 | -2.6                | 10.26      | 7.52             | 12.17      | 23.62            | 1291.04   | 1286.05   | 1291.04   | 1291.04   | 1291.04   | 11/5                 | 1249.23   | 10/2      | 1819.94   | 11/8      | 89        | 751.19    | 10/10/87  |           |           |
| 25 Transport (14)                      | 2540.18 | -0.1                | 8.18       | 4.11             | 19.49      | 49.25            | 2579.84   | 2579.84   | 2579.84   | 2579.84   | 2579.84   | 11/5                 | 2526.55   | 8/4       | 2770.11   | 20/6      | 89        | 30.80     | 2/6/62    |           |           |
| 26 Electricity (16)                    | 1252.03 | -0.4                | 7.44       | 4.44             | 14.22      | 14.22            | 1252.03   | 1252.03   | 1252.03   | 1252.03   | 1252.03   | 11/5                 | 1243.61   | 8/4       | 1423.53   | 4/9/71    | 89        | 124.44    | 6/1/75    |           |           |
| 27 Telecommunications Networks (4)     | 1222.47 | -0.2                | 7.21       | 4.78             | 17.58      | 25.13            | 1395.25   | 1377.54   | 1390.99   | 1385.63   | 1395.66   | 22/5                 | 1274.20   | 3/4       | 1458.67   | 3/10/89   | 89        | 517.92    | 2/10/1984 |           |           |
| 28 Water (10)                          | 2268.18 | +1.4                | 15.70      | 6.10             | 7.05       | 24.92            | 2788.13   | 2752.45   | 2779.45   | 2238.64   | 2238.64   | 11/5                 | 2140.95   | 8/4       | 2244.20   | 11/5      | 89        | 1820.20   | 1/5/90    |           |           |
| 29 Miscellaneous (22)                  | 2014.81 | +1.2                | 5.24       | 4.86             | 24.15      | 23.41            | 2105.90   | 2077.41   | 2077.41   | 1916.58   | 2167.94   | 11/5                 | 1770.94   | 3/1       | 2167.85   | 11/5      | 89        | 40.39     | 6/7/75    |           |           |
| 30 INDUSTRIAL GROUP C183               | 1313.84 | -0.6                | 8.13       | 4.43             | 15.34      | 24.34            | 1313.18   | 1326.81   | 1329.44   | 1327.97   | 1327.97   | 11/5                 | 1321.76   | 3/4       | 1427.97   | 11/5      | 89        | 59.63     | 13/12/74  |           |           |
| 31 Oil & Gas (7)                       | 1935.80 | -2.3                | 7.72       | 2.74             | 17.02      | 23.69            | 2029.89   | 2011.83   | 2023.53   | 2245.66   | 2226.66   | 2/1                  | 1937.42   | 3/4       | 2085.99   | 11/5      | 89        | 59.63     | 13/12/74  |           |           |
| 32 FTSE 100 SHARE INDEX                | 2534.11 | -2.2                | 23.47      | 2.74             | 17.02      | 23.69            |           |           |           |           |           |                      |           |           |           |           |           |           |           |           |           |

## INTERNATIONAL COMPANIES AND FINANCE

## DEC may assemble stake of up to 10% in Olivetti

By Alan Cane

**OLIVETTI**, the loss-making Italian computer and office equipment manufacturer, yesterday signed an agreement with Digital Equipment (DEC) which could lead to the US minicomputer maker owning up to 10 per cent of Olivetti within two years.

DEC has agreed to pay £8,500 (\$7.29) a share for 4 per cent of the equity, roughly three times the price at which Olivetti's shares were suspended yesterday. Industry analysts believe the premium indicates DEC's keenness to secure a European partner to help market its latest technology.

The agreement marks a further significant stage in the consolidation of the European computer industry.

The deal covers both equity participation and

a technology partnership. DEC has agreed to buy immediately just over 4 per cent of Olivetti's stock for £17.2m; depending on the progress of the agreement, it will buy a further 1.89 per cent of the company by June next year and another 4 per cent before the end of 1994.

If the plan goes smoothly, DEC will take two of the 19 places on Olivetti's board.

DEC, with global revenues of \$1.5bn, is the second largest computer maker in Europe; last year it acquired the computer businesses of Philips of the Netherlands and Kienzle of Germany. Its losses last year topped \$600m.

The deal gives Olivetti access to DEC's "Alpha" microprocessor technology, which many believe to be the most powerful available.

Alpha is DEC's version of a

technology called "Risc" which offers high performance at moderate cost.

DEC will supply Olivetti with Alpha chips and systems to build into its range of mini-computers and workstations.

European computer manufacturers, suffering from small, insular markets and a dependence on technologies developed in the US or Japan, have sought larger partners to share development costs and open new markets.

Fujitsu took an 80 per cent shareholding in ICL of the UK two years ago, and earlier this year IBM spent \$100m on a stake in Groupe Bull of France.

Olivetti's choice of DEC as technology partner was not unexpected. The two companies have alliances stretching back over 20 years and Olivetti makes the personal computers that DEC markets in Europe.

## BSN takes control of Italian food group

By Alice Rawsthorn

in Paris

**BSN**, the French food group, is taking control of Galbani, a leading player in the Italian food industry, by buying an additional 10 per cent stake from IFIL, a company controlled by the powerful Agnelli family, for FF1.35bn (\$260m).

The deal comes only a few months after the bitter takeover battle for the Perrier mineral water group in which BSN, a traditional ally of the Agnelli, dramatically switched sides to support Nestlé, the Swiss food group which fought successfully against the Italian family for control of Perrier.

Galbani, which has extensive interests in cheese and processed meats with brands such as Bel Paese and Santa Lucia, is now owned jointly by BSN and IFIL. Under the terms of the new agreement, BSN will take control by raising its stake to 60 per cent with an option to buy the remaining shares for not less than the price paid for its extra 10 per cent stake.

The stake disposal represents a significant profit for IFIL, given that it values Galbani, which made sales of £1.73bn last year, at £13,000m, more than twice as much as the £1.34bn that Mr Kurosawa managed to finish yesterday's general meeting in just 30 minutes.

"We will make the utmost efforts to regain people's trust," Mr Kurosawa told shareholders. "We understand," replied the members and IBJ staff in a chorus.

Hideo Sakamaki, president of Nomura Securities, the stockbroking company which was also last year involved in financial scandals, had a little more trouble than Mr Kurosawa. But he, too, avoided entering into any serious discussions with disgruntled shareholders.

One of the shareholders afterwards complained Nomura had organised everything so well it was impossible to get answers to questions. "It was just a farce," he said.

The day was considerably harder for Ichiro Ito, the president of Tokai Bank, which lost money last year through

## Tokyo keeps straight corporate face

Stefan Wagstyl on the outcome of Japan's 1,824 annual meetings



Bowling out: An NT&amp;T employee acknowledges shareholders leaving their meeting in a hotel

blocks of Tokyu stock. Waving newspaper cuttings, the shareholder waited for answers but was told the company could not comment on press reports because they were all different. The meeting finished in 28 minutes.

The biggest meeting was held by Nippon Telegraph and Telephone, Japan's largest company, which is burdened by a particular duty to small shareholders.

Mr Ito insisted that staying in post was a way of shouldering responsibility. Shareholders angrily dismissed his excuses. "There was uproar," said one man who attended the meeting.

Jiro Yokota, president of Tokyu Corporation, a conglomerate ranging from railways to department stores, was also made to suffer. An elderly shareholder interrupted Mr Yokota's opening speech. Shouting through a megaphone he had smuggled into the hall, the shareholder called for an explanation of revelations made last year that Inagawakai, a gangster group, had bought large

shares of Tokyu stock.

Waving newspaper cuttings, the shareholder waited for answers but was told the company could not comment on press reports because they were all different. The meeting finished in 28 minutes.

The meetings passed largely due not to the patience of shareholders, but a change in the law. In previous years, critical questioning was led by *sokaiya* - gangsters who specialise in disrupting company meetings.

Persistent questioning by *sokaiya* could sometimes extend meetings into marathons of as long as 13 hours. Companies which wanted to keep the *sokaiya* away had to pay them off in advance - a useful source of income, particularly for Sumiyoshi, Japan's third largest gangster group which is known for its *sokaiya*.

However, a tough new anti-gangster law brought into force this year yesterday kept the *sokaiya* at bay. Some 6,800 police were on duty, just to make sure there was no trouble.

The board politely took 34 questions from 10 shareholders. The directors patiently explained they were trying to

## Consortium launches DM1bn bid to take control of Adidas

By Andrew Fisher in Frankfurt and Alice Rawsthorn in Paris

**RENE JÄGGL**, chief executive of Adidas, is heading a consortium of European investors in a DM1bn (\$245m) bid to buy control of the German sporting goods group from Bernard Tapie, the controversial French businessman and politician.

In a brief statement, Mr Jäggi, who recently announced his resignation from Adidas if Mr Tapie stayed in charge, said the deal was being put together by Botts, a small London-based investment bank. The offer, which is believed to divide the DM1bn investment between the purchase price for Mr Tapie's 55 per cent stake and a capital injection, has a deadline of next Tuesday.

Mr Jäggi, who has been Adidas' chief executive for some four years, was not available for comment yesterday. However, Pentland Holdings, the UK consumer products company which last year bought a 20 per cent stake in Adidas and has pre-emptive rights over Mr Tapie's holding, said it doubted

the validity of Mr Jäggi's offer.

Mr Frank Farrant, Pentland's finance director, said Pentland, which has long declared its interest in controlling Adidas, had not been informed about the bid. Under the terms of last year's deal, Mr Tapie is not allowed to sell his shares in Adidas unless the offer is extended - at the same price - to Pentland and the financial institutions that hold the remaining shares.

Pentland is also entitled, according to Mr Farrant, to be given "a respectable period of

time" to decide whether or not to exercise its pre-emption rights. As a result, he said, if Mr Jäggi's offer expires on Tuesday, it would "not be a share. This is at the bottom of expectations."

Adidas, which holds the licence for Speedo swimwear and accessories in the US, will use the \$37.7m proceeds from the issue to reduce debt. Pentland's stake in AFC will fall to 26.2 per cent, worth about \$34m at the issue price.

Earlier this month Mr Tapie announced that Bernard Tapie Finances (BTF), his holding company, would make a FF1.78m payment due on August 6, by the end of June. However, BTF, which had its shares suspended yesterday on the Paris stock exchange, has since run into problems with a number of proposed disposals.

Adidas, one of the world's best known sports brands, is also in financial difficulty. It recently disclosed a fall in profits to DM44m for 1991, down from DM50m in 1990, and a marginally higher turnover of DM35m.

Meanwhile BSN, together with its allies in the Perrier saga, is eagerly awaiting the conclusion of the European Commission's inquiry into the Nestlé bid. The inquiry, which should be completed over the next few weeks, will determine whether Nestlé can proceed with the bid and with its agreement to sell Volvic mineral water to BSN.

## Fourth-quarter loss at BHP after writedown

By Bruce Jacques in Sydney

BHP, Australia's biggest

company, tipped into the red in the final quarter of last year following a surprise A\$1.2m (\$236m) write-down of its trading arm Foster's Brewing.

The write-down saw BHP's earnings more than halve from A\$1.36bn to A\$588.5m in the year ended May, 1992 on an 11 per cent fall in turnover to A\$1.65bn.

The company declared a final-quarter loss of A\$96.9m after the write-down against an A\$223.2m profit previously.

The annual dividend has been held at 40 cents a share.

The result confirmed the company's minerals division as its best earner, with a net profit contribution of A\$653.8m, down 21.2 per cent.

The write-down reflects the diminished value of BHP's interest in International Brewing Investments (IBI), the vehicle which holds a 32 per cent interest in Foster's Brewing.

Michelin poised for 'big profit' says chairman

By Alice Rawsthorn in Paris

**MICHELIN**, the world's largest tyre manufacturer, is on course for a "big profit" this year after a period of heavy losses and should resume dividends, according to Mr François Michelin, chairman.

The result confirmed the company's minerals division as its best earner, with a net profit contribution of A\$653.8m, down 21.2 per cent.

The write-down reflects the diminished value of BHP's interest in International Brewing Investments (IBI), the vehicle which holds a 32 per cent interest in Foster's Brewing.

Michelin has undergone radical rationalisation, which

involved 8,500 job losses last year alone, in an attempt to adapt to the competitive state of the global tyre market. The benefits of this restructuring enabled it to reduce net losses from FF1.61bn in 1990 to FF1.69m (\$1.4m) in 1991.

Mr Eric Bourdais de Charbonnière, finance director, forecast further recovery this year. "We are confident that the recovery which began in 1991 will continue in a progressive, steady manner," he said.

He said that Michelin's sales had risen by 3 per cent in the first five months of this year, against the same period in 1992. Debt fell from FF2.85bn to FF2.75bn last year.

## China Steel offer undersubscribed

**THE PUBLIC** offer of shares in China Steel worth T\$10.8bn (\$437m) has closed just 38 per cent subscribed, dealing a severe blow to the government's privatisation programme, Reuter reports from Taipei.

The 509.5m shares being offered by the government

were priced at T\$21.14 each. The issue was linked to last month's offer of global depositary receipts in the US, Japan and Europe, the first overseas share offer by a Taiwan company. The GDR issue, 360m shares for some \$320m, was heavily oversubscribed with demand exceeding supply by a ratio of three to one.

Karin Hope from Athens.

## New York

GOLD 100 troy oz: \$/troy oz.

Close Previous High/Low

Gold (troy oz)

\$ price C equivalent

Close Previous High/Low

Morning fix: 342.10-343.50

Afternoon fix: 342.50

Day's high: 347.80-348.60

Day's low: 340.70-343.40

Lco Ldn Metal Gold Rating (US \$/oz)

Close Previous High/Low

1 month: 3.40 6 months: 3.35

2 months: 3.40 12 months: 3.45

3 months: 3.40

Silver fix: \$/troy oz US dts equiv

Spot: 360.00 402.00

3 months: 361.00 403.00

6 months: 362.00 404.00

12 months: 363.00 406.00

Gold futures: \$/troy oz

Close Previous High/Low

1 month: 367.40 369.00

2 months: 368.00 370.00

3 months: 368.50 370.50

Silver futures: \$/troy oz

Close Previous High/Low

1 month: 368.00 370.00

2 months: 368.50 370.50

3 months: 369.00 371.00

Copper futures: \$/troy oz

Close Previous High/Low

1 month: 369.00 371.00

2 months: 370.00 372.00

3 months: 371.00 373.00

Nickel futures: \$/troy oz

Close Previous High/Low

1 month: 372.00 374.00

2 months: 373.00 375.00

3 months: 374.00 376.00

Cotton futures: \$/lb

Close Previous High/Low

1 month: 375.00 377.00

2 months: 376.00 378.00

3 months: 377.00 379.00

Soyabeans futures: \$/tonne

Close Previous High/Low

1 month: 378.00 380.00

2 months: 379.00 381.00

3 months: 380.00 382.00

Cotton oil futures: \$/barrel

Close Previous High/Low

1 month: 380.00 382.00

2 months: 381.00 383.00

3 months: 382.00 384.00



## LONDON STOCK EXCHANGE:Dealing

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Deals relating to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing.

For those securities which the business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Fuel, gas(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ♦ Bargains done the previous day.

## British Funds, etc

No. of bargains included 2019

Guaranteed Investment Funds PLC £120m

K

## Corporation and County

Stocks No. of bargains included

Birmingham District Council 11% Red

£6m 2012 - £111 (23462)

Merseyside 10% Red Dst 2007 -

£105m (23462)

Newcastle-Upon-Tyne City of 11% Red

£217 - £105 (23462)

Swindon 10% Red Dst 2008 -

£120 (23462)

## UK Public Boards

No. of bargains included 3

Agricultural Marketing Board PLC 5.5% Gds

£500m 2000 - £500m (23462)

7.5% Dst 500m - £800

Cyprus Ld 50% - £100m (13462)

Port of London Authority 5% Port of

London A 80m - £100m (23462)

3.5% Dst 50m - £70 (23462)

Scottish Agri Sci Ctr 14% Dst Skt 1993 -

£105m (23462)

## Foreign Stocks, Bonds, etc-(coupons payable in London) No. of bargains included 90

Abbey National PLC 11% Nts 1995

(£100,000,000) - £100m

Abbey National Sterling Corp PLC 10%

Gds 100% Dst £100m (23462)

10% Nts 1995 - £100m (23462)

10% Nts 1996 - £100m (23462)

10% Nts 1997 - £100m (23462)

10% Nts 1998 - £100m (23462)

10% Nts 1999 - £100m (23462)

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10% Nts 2097 - £100m (23462)

10% Nts 2098 - £100m (23462)

10% Nts 2099 - £100m (23462)

10% Nts 2100 - £100m (23462)

10% Nts 2101 - £100m (23462)

10% Nts 2102 - £100m (23462



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| Ref.                                       | Off. Price | Off. + w | Offer + Yield | Offer + w | Yield | Ref.                           | Off. Price | Off. + w | Offer + Yield | Offer + w | Yield | Ref.                               | Off. Price | Off. + w | Offer + Yield | Offer + w | Yield |
|--|------------|----------|---------------|-----------|-------|--------------------------------|------------|----------|---------------|-----------|-------|------------------------------------|------------|----------|---------------|-----------|-------|
| Stewart Investors Unit Tr. Mgmt Ltd C2200H | 100.00     | -0.00    |               |           |       | Local Authority Mutual Inv. Y+ | 100.00     | -0.00    |               |           |       | Allied Banner Assurance Plc        | 100.00     | -0.00    |               |           |       |
| 45 Charlotte St. Edinburgh                 | 102.92     | 0.26     | 102.92        | 0.26      |       | Local Authority Mutual Inv. Y+ | 100.00     | -0.00    |               |           |       | Cobray Life Plc - Contd.           | 100.00     | -0.00    |               |           |       |
| American Gold Fund                         | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Equitable Life Assurance Society   | 100.00     | -0.00    |               |           |       |
| British Gold Fund                          | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Winton St. Aspinbury Bldgs E12 7QW | 100.00     | -0.00    |               |           |       |
| European Gold Fund                         | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | 3 Finsbury Ave, London EC2M 2PF    | 100.00     | -0.00    |               |           |       |
| Vietnam Fund                               | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | UK Equity                          | 101.9      | 0.27     |               |           |       |
| American Bond Fund                         | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Corporate Bond                     | 101.7      | 0.25     |               |           |       |
| Asian Bond Fund                            | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | High Income                        | 101.7      | 0.25     |               |           |       |
| Long Bond Fund                             | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Fund Interests                     | 101.7      | 0.25     |               |           |       |
| Short Bond Fund                            | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Global Managed                     | 101.8      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Money                              | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Primes Res.                        | 101.4      | 0.25     |               |           |       |
| Medium Term Bond Fund                      | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Europeans                          | 101.8      | 0.25     |               |           |       |
| Bond Fund                                  | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | U.K. Equity                        | 101.0      | 0.25     |               |           |       |
| Long Bond Fund                             | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | U.K. Bonds                         | 101.0      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Small Companies                    | 101.4      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Funds                   | 101.7      | 0.25     |               |           |       |
| Medium Term Bond Fund                      | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv.                    | 101.7      | 0.25     |               |           |       |
| Bond Fund                                  | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Bond Fund                             | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Long Term Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv. Fund               | 101.7      | 0.25     |               |           |       |
| Corporate Bond Fund                        | 102.92     | 0.26     | 102.92        | 0.26      |       | Life Assn. London E10 2EL      | 100.00     | -0.00    |               |           |       | Specialist Inv.                    |            |          |               |           |       |

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| Ref                             | Fund                    | Price       | +/- | Yield | Ref              | Fund                       | Price        | +/- | Yield | Ref               | Fund                       | Price        | +/- | Yield | Ref                | Fund                        | Price        | +/- | Yield | Ref                               | Fund                       | Price        | +/- | Yield |                                      |                                     |             |  |
|---------------------------------|-------------------------|-------------|-----|-------|------------------|----------------------------|--------------|-----|-------|-------------------|----------------------------|--------------|-----|-------|--------------------|-----------------------------|--------------|-----|-------|-----------------------------------|----------------------------|--------------|-----|-------|--------------------------------------|-------------------------------------|-------------|--|
| Pearl Assurance (Unit Fund) Ltd | London Cityline P22 677 | 6733 070470 |     |       | President Mutual | London Cityline P22 677    | 6733 070470  |     |       | Scituate American | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Sax Alliance Group | 3, St. Paul's Court, London | 0403 232 323 |     |       | Whidbey Life Assur Co Ltd - Contd | 90 St Paul's Court, London | 0171 723 000 |     |       | Royal Bank of Canada Offshore Fd Mgt | PO Box 264, St Peter Port, Guernsey | 01481 72300 |  |
| Luxembourg Pensions P22 677     |                         |             |     |       | General Fund     | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Managed           | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Gold Inc. Fund     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Royal Life Inv. Ltd - Contd       | 150 St Vincent St, Glasgow | 0171 723 000 |     |       |                                      |                                     |             |  |
| Property Acc. Fund              |                         |             |     |       | Overseas Fund    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Property          | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | High Inc. Fund     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Property Acc. Fund              |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | International     | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | High Inv. Fund     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Property Acc. Fund              |                         |             |     |       | Global Pacific   | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Financial         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Property Acc. Fund              |                         |             |     |       | Private Sector   | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Industrial        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | International     | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Cooking Managed                 |                         |             |     |       | Global Pacific   | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Financial         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Gilt & Fixed Interest           |                         |             |     |       | Private Sector   | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Corporate         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Mixed Fund                      |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Industrial        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Financial         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Industrial        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Financial         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Industrial        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Financial         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Industrial        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
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| Managed Corp.                   |                         |             |     |       | Industrial       | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Europe            | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
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| Managed Corp.                   |                         |             |     |       | Corporate        | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Financial         | 150 St Vincent St, Glasgow | 041-345 2322 |     |       | Investor Units     | 150 St Vincent St, Glasgow  | 041-345 2322 |     |       | Gold Inv. Fund                    | 150 St Vincent St, Glasgow | 041-345 2322 |     |       |                                      |                                     |             |  |
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## AMERICA

# Dow stuck in narrow range at midsession

## Wall Street

US share prices remained stuck in a narrow range, reflecting investor uncertainty about the outlook for the economy, corporate earnings and domestic equities, writes *Patrick Harverson in New York*.

By 1pm the Dow Jones Industrial Average was 2.67 lower at 3,281.34. The more broadly based Standard & Poor's 500 was also a shade lower at midsession, losing 0.24 to 402.88 while the Nasdaq composite index was down 0.96 at 547.21. Volume on the NYSE at 1pm was 106.5m shares.

Although the Dow fell 10 points in the opening minutes, the market soon settled into the pattern established this week: every time shares fall far, buyers step in to bring them back to earlier levels, and every time shares rise substantially, a wave of selling quickly erodes most of the gains.

The day's only economic news - a 0.3 per cent increase in personal income and a 0.5 per cent rise in personal consumption during May - had little impact. Recent indicators of economic weakness have boosted hopes for an interest rate cut, but no one is confident enough to buy stocks in anticipation that the Federal Reserve will ease policy.

Total was the most heavily traded stock, rising 3% to \$22.4 in turnover of 3.8m shares after the international energy group launched a secondary offering of 14.8m of its American Depository Receipts (ADRs) at a price of \$22.23 each. The ADRs were sold by the French government.

Also in the oil and gas sector, Offshore Pipelines plunged 8%, or more than 20 per cent to \$11 on a warning from the company that fourth quarter revenues and earnings will be short of expectations, and Oceaneering International index added 11 to 45.12 and the overall index gained 5 to 3,653. The gold index was 3 off at 1,13.

added the stock to its "best buys" list, citing strong earnings momentum.

Dover Corp fell 1% to \$39.4 after the engineering company warned that its second quarter operating income would be flat compared to a year ago, and that net income would be below 1991's total because of a charge.

On the Nasdaq market, Microsoft dropped \$1.1 to \$93.8 after two Wall Street blocking houses downgraded their ratings for the stock. Dean Witter Reynolds lowered its rating from "buy" to "neutral/hold" and Kidder Peabody reduced its grade in a similar fashion.

The analysts are worried about the effect of price competition in the market for Windows software, and slowing demand for products in Europe on Microsoft's earnings.

Sequoia Systems fell 1% to \$34.4 in active trading after the company said that it expected to record fourth quarter and full-year earnings "significantly below" the high end of analysts' forecasts.

## Canada

TORONTO stocks remained at higher levels at midday after a sharp opening rebound from losses earlier this week. The TSE 300 composite index was up 1.5 at 3,352.0. Advanced led declines by 218 to 187 in volume of 15.5m shares valued at C\$170.4m.

In a firm banking sector, Canadian Imperial Bank of Commerce rose C\$1 to C\$97.7. Toronto Dominion gained C\$1 to C\$17.7 and Bank of Montreal firmed C\$1 to C\$45.7.

## SOUTH AFRICA

Gains in Richemont helped sentiment in Johannesburg, although most shares ended off earlier highs on profit-taking.

The industrial index added 11 to 4,512 and the overall index gained 5 to 3,653. The gold index was 3 off at 1,13.

## ASIA PACIFIC

# Nikkei at lowest level since May 1986

## Tokyo

ARBITRAGE selling once again depressed share prices, and the Nikkei average fell to the lowest level since May 1986, writes *Etsuko Terazono in Tokyo*.

The index closed down 330.99 at 15,812.73, 4.3 per cent lower on the week, having risen to the day's high of 16,227.22 in the morning on bargain-hunting, and fallen to a low of 15,759.74 in the afternoon.

Volume remained low at 240m shares, down marginally from 249m. Declines led advances by 660 to 274, with 178 unchanged. The Topix index of all first section stocks fell 17.05 to 1,231.45 and, in London, the ISE/Nikkei 50 index fell 6.05 to 963.44.

Traders blamed yesterday's weakness on a decline in blue chip electrical stocks, which were sold on concerns about the higher yen. The dollar fell Y1.20 against the yen to Y125.60, closing below Y128 for the first time in four months.

Issues which had gained on

# Saying goodbye to the 1987 stock market crash

Adrian FitzGerald suggests that fund managers should be able to peep out from behind their parapets

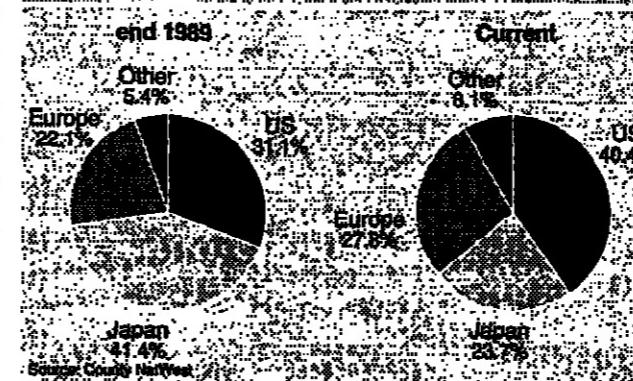
**T**here will be gleeful rubbing of hands at the end of 1992, whatever happens over the next six months. Why? Because the effects of the 1987 stockmarket crash will fall out of most long-term performance statistics.

Few will forget the euphoria of the pre-crash 1980s. By mid-1987, UK fund managers could boast proudly of long-term returns from their equity portfolios of almost 35 per cent on an annualised basis. Fund managers heavily invested in Japan could point to a sustained performance in that market averaging over 55 per cent a year. Anyone sitting with money in the bank was on to a loser. Or so it seemed.

Another mathematical consequence of the Japanese market's dramatic decline is that its capitalisation is now less than that of the combined European markets. The FT-A World Indices compare with a figure of just under 24 per cent for Japan. Japan has had the larger capitalisation for the last nine years. The US market weighting relative to that of Japan also shows a substantial increase. It is almost 17 percentage points higher after being more than 10 percentage points lower just two and a half years ago.

Certainly, any of the funds rumoured to have moved money into Japan in the latter part of 1991 will not have enjoyed the last six months. But the typical UK-based pension fund has nothing like the same exposure as the FT-A World benchmark. WM Com-

## Market weights within the world



| STERLING TOTAL RETURNS (annualised % p.a.) |                   |
|--|-------------------|
|  | 5 yrs to mid-1987 |
|  | 5 yrs to mid-1992 |
| UK equities                                | 34.9              |
| UK gilts                                   | 15.6              |
| UK cash                                    | 10.1              |
| Japanese equities                          | 55.6              |
| US equities                                | 30.3              |
|  | 5.8               |

Source: County NatWest WoodMac

coming out of Japan is still depressing. The same is true in the UK, where any economic growth at all this year would come as a pleasant surprise.

The result of the recent Danish referendum has also added to uncertainty and places a large question mark over a successful, united progress in Europe. The Irish equivalent has raised some hopes that all is not lost; however, there can be little doubt that European markets will continue to feel the effects of the current impasse.

Given this distribution, most pension fund managers should record at least some modest progress during the first half of 1992. UK equities - by far their biggest asset class - notched up a new peak in May and have produced an overall return of 6 per cent. Sterling returns from Japan and Continental Europe have been minus 28 per cent, minus 2 per cent and 5 per cent respectively.

And what a difference it

would make to those five year performance figures if equity markets were to regain some upward momentum over the next six months. The second half of 1987 will drop out of the reckoning to be replaced by the second half of 1992; the long-term returns from at least some equity markets may start to show a modicum of respectability, and fund managers should at last be able to peer out from behind their parapets.

This is not to suggest that major mishaps can be entirely ruled out for the rest of the year. Indeed, financial markets are going to have a lot to contend with, particularly as the world economy is showing only a faint inclination to stagger to its feet. Some hopeful signs are starting to emerge in the US, but the economic news

November. The only certainty is that investors in the US market are in for a bumpy ride in the second half.

It would be wrong nevertheless to paint too bearish a picture. One lesson the stockmarket crash of 1987 should have taught us all is that it is optimistic and euphoric that we should really be wary of, and there is precious little of either at present. Indeed, the level of gloom is such that contrarian investors can only be seeing buying opportunities. And long-term investors know that very little has to be achieved for their performance figures to become so much better by the year end.

Farewell, then, the stockmarket crash of 1987.

*Adrian FitzGerald is Director, Equity Research, at County NatWest WoodMac.*

*Footnote: All 1992 stockmarket statistics have been calculated on the close of markets at 24/6/92.*

## EUROPE

# German carmakers fall on lower domestic registrations

BOURSES closed the week on an easier trend, writes *Our Markets Staff*.

FRANKFURT lost faith in carmakers following lower-than-expected domestic car registrations. BMW dropped DM12.50 to DM585 and Volkswagen firmed C\$1 to C\$45.7.

Turnover was flat at DM5.2bn as the FAZ and DAX indices dropped 5.22 to 655.83, and 10.76 to 1,754.13 for falls on the week of 1.4, and 1.1 per cent respectively.

Other blue chip fallers included Viatig, down DM7.50 to DM287.50, in a delayed reaction to Thursday's disappointing progress report from its pack-

aging subsidiary, Schmalbach-Lubeca, and Mannesmann, which denied rights issue rumours but still fell DM9 to DM288.50.

PARIS retreated after Thurs-

day's gains, as Générale des Eaux generated about one-quarter of the day's business next week.

MILAN closed at another 1992 low as the long wait for a new government continued. The Comit index fell 4.08 to 462.12, down 1.7 per cent on the week, in turnover estimated at near Thursday's L78.90m.

Shares in the Olivetti and De Benedetti holding companies,

## FT-SE Eurotrack 100 - Jun 26

| Hourly changes     |         |         |                   |         |         |
|--------------------|---------|---------|-------------------|---------|---------|
| Open 10.30am       | 11 am   | 12 pm   | 1 pm              | 2 pm    | 3 pm    |
| 1144.15            | 1144.86 | 1145.43 | 1146.14           | 1145.34 | 1144.59 |
| Day's High 1146.14 |         |         | Day's Low 1143.73 |         |         |
| Day's High 1146.14 |         |         | Day's Low 1143.73 |         |         |

Close 1145.06

Yield 0.15

Price 1145.06





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# FINANCIAL TIMES

Weekend June 27/June 28 1992

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## Life assurance companies fined £50,000 for investing in Levitt

By Norma Cohen,  
Investments Correspondent

TWO OF Britain's largest life assurance companies, General Accident and Commercial Union, were each fined £50,000 yesterday for investing in the now-defunct Levitt Group financial services company.

Mr Roger Levitt, the group's chairman, has been charged with six offences involving £2m. The charges include conspiracy to defraud, theft, false accounting and obtaining property and services by deception.

Regulators said the two life assurance companies had invested in Levitt partly in the hope of encouraging its independent sales agents to sell more of their products.

Lautro, the self-regulatory body for the life insurance industry,

levied fines against the two companies for investing £7.35m each in 1990 giving them a 4.9 per cent stake in Levitt Group. Levitt was once one of the largest privately held financial services companies in the UK.

The investments were said to have violated a key principle of the Financial Services Act intended to ensure that those who offered "independent" financial advice did so solely on each product's own merits.

Before the Financial Services Act was introduced in 1986, insurance companies regularly invested in independent intermediaries in the hope of encouraging the sale of more of their own products.

Legal and General Assurance, another leading UK life insurer, also had a 4.9 per cent stake in Levitt Group but was not part of

the disciplinary hearing.

Legal and General said its sales arrangement was with a division of Levitt which sold its products exclusively and did not claim to offer independent advice. Lautro rules only restrict investment in independent agents claiming to sell the best products of a group of companies.

In explaining the fines, Lautro said its rules on commission allowed investments in independent sales agencies only when the investment was unconnected with the marketing of the life insurance company's products.

"In both cases the [life insurance company] members accepted that there was a connection between their investment and the increased marketing opportunities for their products, albeit with the disciplines of best advice."

Lautro said there was no suggestion that the payments involved any dishonest or improper motives and said that both companies had co-operated fully in the investigation.

Mr Bill Jack, director and general manager of General Accident, said the payment to Levitt Group had been made as an investment, but the company also wanted access to Levitt's product advice panels which had not been suggesting GA products to clients.

Mr Jack said the company believed Levitt Group could have recommended its products in accordance with the "best advice" rules of the Financial Services Act. He said the investment led to no increase in sales of GA products, nor was there any sign that clients had not been given best advice.

## Mandela warns of 'disaster' in S Africa

By Michael Holman and Philip Gash in Johannesburg

SOUTH AFRICA is on the "brink of disaster," Mr Nelson Mandela, the African National Congress leader, warned President F.W. de Klerk last night as further allegations surfaced of government complicity in township violence.

The deadlock in constitutional negotiations and the government's alleged role in political violence have created an "untenable and explosive situation," Mr. Mandela said in a memorandum to the president setting out the ANC's reasons for withdrawing from constitutional negotiations.

The ANC leader's warning came after the Goldstone judicial commission investigating township violence, heard evidence yesterday from a mine security guard linking a police unit to the massacre in which 42 people died at the Boipatong township near Johannesburg last Wednesday.

The witness claimed that a member of the unit told him it had taken part in the killings.

Earlier the commission had revealed the existence of the 40-strong unit consisting of ex-members of a counter-insurgency force known as Koekoek and based in a building in the grounds of a mine east of Johannesburg.

The Koekoek, now disbanded, won a reputation for brutality and dirty tricks during operations in Namibia's war for independence.

When the commission visited the base this week, they found trunks containing rifles and ammunition. Two white officers were in the force, described by police as an anti-livestock theft unit.

Police said yesterday its own investigation of the massacre revealed "no evidence whatso-



Police in Cape Town lead away a member of the ANC Women's League after she and nine others had poured red paint on the steps of parliament in protest at the Boipatong massacre

ever" of the unit's involvement.

The very existence of the unit has shocked nevertheless South Africans, and reinforced speculation about government involvement in political unrest.

He added that demands presented to the government, including an international inquiry into Boipatong, were "the minimum"

required for talks to resume.

President de Klerk has gone part of the way towards meeting this condition by offering to include international jurists in the Goldstone inquiry. The ANC initially rejected this proposal as inadequate.

## Recession could cut the cost of dying

By Tim Burt

DYING could become cheaper, according to the director of Britain's first management course for undertakers.

The recession looks set to spark intense competition among funeral companies. Cut-price burials and service discounts could soon be offered.

And it is not just economic hard times that have hit the funeral business. The trend

among customers towards greater life expectancy has not helped. Although steady demand has kept most funeral companies in profit during the recession, some are now looking at value-for-money options to increase market share.

Mr Stuart West - who runs the course at the International Co-operative College at Longborough, Leicestershire, where more than 30 undertakers graduated yesterday - says companies

can only expand by taking market share from competitors.

"To get market share you have to get price benefits to the customers," he said. "So funerals are likely to get cheaper."

Companies may also be forced to drop voluntary restrictions on advertising and diversify into financial services for the bereaved as they compete for business.

Large companies, such as Great Southern and the French-

owned Plantsbrook group, already offer pre-paid funerals, and others are understood to be considering investment portfolio schemes and estate management.

Price cuts would be welcomed by consumer groups which this year complained that funeral costs had increased by more than 50 per cent since 1988.

The average cost of a basic funeral is about £600, although extras such as an oak coffin can push the price above £1,000.

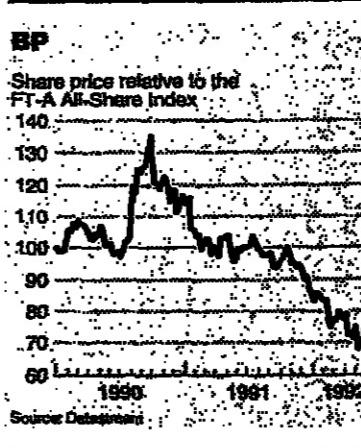
| CHIEF PRICE CHANGES YESTERDAY |       |        |  |  |  |  |  |  |  |
|-------------------------------|-------|--------|--|--|--|--|--|--|--|
| FRANKFURT (DM)                |       |        |  |  |  |  |  |  |  |
| Rises                         | 664   | + 14   |  |  |  |  |  |  |  |
| Falls                         | 22    | - 20   |  |  |  |  |  |  |  |
| American Mich Reg             | 550   | - 12.5 |  |  |  |  |  |  |  |
| BMW (Fr)                      | 280   | - 7    |  |  |  |  |  |  |  |
| Fog (Kopflicher)              | 280   | - 9    |  |  |  |  |  |  |  |
| Mercedes                      | 298.5 | - 9    |  |  |  |  |  |  |  |
| Volkswagen                    | 386   | - 12.2 |  |  |  |  |  |  |  |
| New York (\$)                 |       |        |  |  |  |  |  |  |  |
| Rises                         | 131.5 | + 5    |  |  |  |  |  |  |  |
| Oceanair Int                  | 22.5  | - 4    |  |  |  |  |  |  |  |
| Falls                         | 22.5  | - 4    |  |  |  |  |  |  |  |
| Dove Corp                     | 39.5  | - 11.5 |  |  |  |  |  |  |  |
| Microsoft                     | 68.5  | - 11.5 |  |  |  |  |  |  |  |
| New York (\$)                 |       |        |  |  |  |  |  |  |  |
| Orbitel Plus                  | 11    | - 2%   |  |  |  |  |  |  |  |
| Scopus Systems                | 61    | - 1%   |  |  |  |  |  |  |  |
| New York prices at 12.30pm    |       |        |  |  |  |  |  |  |  |
| Paris (FFP)                   |       |        |  |  |  |  |  |  |  |
| Rises                         | 1480  | + 93   |  |  |  |  |  |  |  |
| Frost C & Aw                  | 3400  | + 125  |  |  |  |  |  |  |  |
| Citibank                      | 740   | - 35   |  |  |  |  |  |  |  |
| Park Recomp                   | 238   | - 11   |  |  |  |  |  |  |  |
| Union Immobilier Fr           | 428   | - 20.9 |  |  |  |  |  |  |  |
| Valubanc                      | 200   | - 9    |  |  |  |  |  |  |  |
| Tokyo (Yen)                   |       |        |  |  |  |  |  |  |  |
| Japan Digital Lab             | 2070  | + 170  |  |  |  |  |  |  |  |
| Kinki Sharyo                  | 515   | + 45   |  |  |  |  |  |  |  |
| BMI                           | 233   | - 81   |  |  |  |  |  |  |  |

|  |   |    |    |       |        |   |    |     |  |
|--|---|----|----|-------|--------|---|----|-----|--|
| World Weather  | S | °C | °F | Cairo | Taipei | S | 35 | 105 |  |
| UK Today: Dry, warm, and mostly sunny over England and Wales. Mostly cloudy with outbreaks of light rain in Northern Ireland and western Scotland, but eastern counties will stay dry, with brief sunny spells. Light winds in most parts. | S | 21 | 70 | 25    | 73     | S | 35 | 95  |  |
| Temperatures at midday yesterday 1 Noon GMT Temperatures C Cloudy Dr - Drizzle F Fair Fr - Fog H - Hot R - Rain S - Sunny S - Sheet Sm - Show T - Thunder  | S | 21 | 70 | 25    | 73     | S | 35 | 95  |  |
| London   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Edinburgh  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Belfast  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Glasgow  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Birmingham   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Blackpool  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Cardiff  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Gibraltar  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Malaga   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Melbourne  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Helsinki   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Hong Kong  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Istanbul   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Madrid   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Montevideo   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Paris  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Stockholm  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Toronto  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Tunis  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Vancouver  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Venezuela  | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |
| Zurich   | S | 20 | 68 | 24    | 75     | S | 35 | 95  |  |

## THE LEX COLUMN

### Crude estimates at BP

FT-SE Index: 2534.1 (-23.2)



Source: Datastream

UK retailing

The stock market yesterday rightly

took Thursday's surprise ruling on

Sunday trading in its stride. For one



# Weekend FT

SECTION II

Weekend June 27 / June 28 1992

## Woman who climbed too high

**T**HE DIVIDING line between heroism and folly, passion and obsession, success and failure, can be perilously thin. So it was with Wanda Rutkiewicz, a Pole of striking beauty and power and the greatest woman high-altitude mountaineer of her time.

She died, aged 49, while driving herself beyond human limits during a final push to the top of Kangchenjunga in the border region between Nepal and Sikkim last month. Her mysterious disappearance in the "death zone" above 8,300 metres (26,580 ft) on the world's third highest peak seems destined to transform this controversial personality into a climbing legend.

She was a mountaineer of heroic stature who led the way for women in a man's domain. In 17 years she made 22 expeditions to the Himalayas, ascending eight of the world's 14 highest peaks, a feat achieved by

just 13 men. She was the third woman to climb Everest and the first to conquer K2, the world's second highest mountain.

Yet she could appear a lonely, driven person whose domineering style alienated some fellow climbers and whose passion to reach the top may have led her to step beyond the bounds of prudence. Her obsession had already cost her two husbands. Some were shocked that she carried on climbing after colleagues had died – but perhaps she had lived close to death for so long that she had become inured to its horror.

Kangchenjunga is justifiably feared by climbers. The 8,588m mountain calls for highly technical

vertical climbing, requiring ice axes, crampons, ice screws and ropes. This spring Wanda launched her third attempt on the peak. A year earlier her first effort had ended when she discovered the bodies of two Slovenian climbers at 8,000m. They had reached 8,400m, but had fallen. She was furious when the Yugoslav leader halted the expedition.

In early March, accompanied by Ark Gasienica, a young Pole, Wanda joined a Mexican expedition to climb the north ridge route pioneered by Doug Scott, the British mountaineer, in 1978. The team was led by an experienced climbing acquaintance, Carlos Carosio, 28,

and included his wife, Elsa, his brother Alfredo and Andres Delgado, another Mexican.

Their first summit push ended in disarray at Camp IV at 7,950m on April 23 during a storm. Elsa and Alfredo had to be evacuated by helicopter to Kathmandu, with Elsa facing the amputation of a finger due to frostbite. Carlos and Wanda decided to make a second attempt. They set off on Thursday May 7, reaching Camp II on May 10. From there Wanda set off alone at 11am only to find that Camp III had been destroyed by storm. She spent the night, at 7,400m, in an ice hole.

Carlos set off at 6pm, climbing through the night, and passed her to arrive at Camp IV (also an ice cave) 550m higher. He rested during the day and Wanda arrived at 7pm. They started for the summit together in the dark at 3:30am on Tuesday May 12, but soon split up.

"Snow conditions were bad. Wanda was very slow," said Carlos. "We had agreed to go at our own pace. I reached the summit at 5pm and met her on the way down at 6pm at around 8,300m, where she was preparing to bivouac in a hole in the snow, ready to go for the summit next day."

Wanda, dressed in a down suit, was lying outside her bivouac sack 600m short of the summit. She had drunk all her water, had no gas, no stove, no food apart from a few sweets, and no sleeping bag.

Said Carlos: "I spent about ten minutes with her. She looked cold but seemed in good spirits. We talked of the technical moves – the two couloirs above Camp IV and the 20m of crumbly rock just before the top. She was pleased she had my tracks to follow. She kept looking toward the summit. She was very excited."

It was the last time anyone was to see her alive.

"I was thinking maybe I should try to persuade her to come down. But I didn't. She was very determined. This was her third attempt at Kangchenjunga. I think she felt she would never get another chance. She knew what she was doing."

But did she? To stay alive at that altitude it is essential to drink large amounts of liquid, but she had no water and no means of melting snow. At her pace it would have taken her another day to reach the summit. Even Carlos was so dehydrated and exhausted that he suffered hallucinations on his descent. First he "saw" two sherpas from a German expedition who had died two weeks before. Then he held a conversation with an imaginary Wanda. He believes now that that marked the moment of her death.

Carlos stayed at Camp IV until midday, then descended and waited for her at Camp II for three days, leaving her the tent, a sleeping bag, fuel and a walkie talkie. He left base camp on May 21, eight days after Wanda had disappeared above 8,300m. No one could have survived at that height for so long.

How or where she died is a mystery. She may have died of cold or exhaustion. Possibly she set off in the dark, reached the summit, but fell to her death on the descent. In spite of her experience and her reputation for careful climbing, she had made a fatal error of judgment.

Wanda knew that climbers can stay alive for only a limited time above 8,000m. After her historic ascent of K2 in 1986 two of her companions, the French team of Lillian and Maurice Barrard, perished on the descent after the three of them had bivouacked at 8,300m without sleeping bags, but in a tent. Wanda wrote afterwards: "The weather was still good and I was not worried. But I should have been. One should

remain at that altitude as short a time as possible. I didn't know in the sunshine that death was following us down. I didn't see any signals of something wrong."

Why, six years later, did she fail again to read the signals? Was it the young climbers' unkind joke at base camp about her being a grandmother – even though she had no children – which stung her into refusing to descend with Carlos? Perhaps she finally paid for continuing for too many years with her

example seeing herself as a natural leader, though others could find her difficult and bossy. One of her best friends called her the "Princess". On Annapurna last October she so annoyed Krzysztof Wielicki, a renowned Polish mountaineer, that he challenged her claim to have ascended the mountain just a day after he reached the top – but Wanda's summit photograph proved that she had.

Her physical strength and determination were legendary. In 1982 she fell off the face of Mt Elbrus, in the Caucasus, slipping 300m and breaking her leg. A few months later she led the grueling two week walk-in to K2 base camp on crutches and attempted to co-ordinate the summit push from there.

Her two husbands, neither "professional climbers", tried to persuade her to cut down on her trips, but settled for divorce when it became clear that she would never give up her real love. To some she was distant, vulnerable, and rather a lonely person, but to others she was charming, and in her late 40s received invitations from all over the world to join expeditions.

Even in the midst of the disasters that dogged so many of her big climbs she expressed her passion for high places. Writing of her success on K2, during a season in which 13 people, including her two climbing partners, died on the mountain, she said: "At about 10:15am I reached the summit. It was my third attempt. I was excited and happy, happy to be alone there, because I could express my enormous gratitude. I knelt and prayed. I said a big thank you for the summit, for good weather and for feeling good."

It was her success on K2 that some suggest gave her a false sense of invincibility. A few years later she announced she would become the first woman to complete all 14 8,000 metre peaks, a feat achieved by just two men. She called it her "Caravan to Dreams". Her determination to do this by spring 1993 led her to attempt two, even three expeditions in a season, sometimes with people she did not know well. It was then that some came to fear that her determination might end in death.

One of her few very close friends said: "She didn't want to die; she didn't intend to die, but somehow she had nothing against it. She was slowing. Her soaring mind could no longer correlate with her body."

Wanda may have had a premonition about death before she disappeared. At Kangchenjunga base camp she is reported to have said: "For me to die up there will not be at all strange. It will be easy. After all, most of my friends are waiting for me there, in the mountains."



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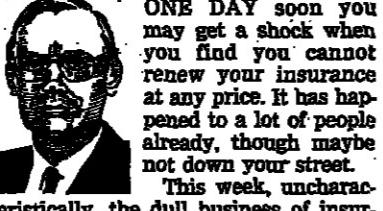


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The Long View/Barry Riley

## Botching the insurance job



ONE DAY soon you may get a shock when you find you cannot renew your insurance at any price. Not to be outdone, the companies which make up the membership of the Association of British Insurers declared an aggregate 1991 trading loss of £2.3bn on general insurance; in the UK last year insurance companies paid out £1.30 in claims and expenses for every £1 of premiums.

As a reflex action, insurance men argue that premiums must rise. Yet it does not appear that slow premium growth is really the problem, for premiums climbed by 18 per cent in the UK last year.

The other solution to the problem is that claims should fall. Indeed they should, say the insurers, and they present the problem in terms of fraud, which will be highlighted in a forthcoming advertising campaign. That conveniently, they hope, shifts the blame on to the policyholders rather than the insurers. But it seems to me that the role of insurance must be more fundamentally questioned.

We come here to the problem of moral hazard. This is not just a question of the dodgy repairman's "insurance job" on to which all kinds of extras are loaded, or the attitude of the Scottish freezer-owner – unkindly singled out by the ABI – who claimed for £20b of ruined food when the freezer in question would only hold 45lb.

The influence of insurance is more pervasive. Insured assets are less carefully looked after. Consumers have filled up their homes with goods and bought expensive cars on the basis that the risks of theft or fire could be covered. Parking a car is a little like leaving £10,000 in cash in the gutter, pro-

tected only by a flimsy lock. Businesses have sunk billions into often unguarded premises. It has amounted to a huge investment in the raw material for crime, which indeed has become a growth industry: the BIA says that domestic crime claims were up 75 per cent in 1991.

Insurers weep crocodile tears at the growth of claims, but the truth is that in normal circumstances bigger claims lead to a bigger insurance industry – unless, of course, the claims start getting out of hand. Even worse than fraudsters, from this point of view, are predatory US lawyers who have driven up legal settlements beyond the imagination of Lloyd's underwriters.

But then, the insurance industry has never appeared to have a very sure management touch. I have always wondered at how badly the big listed composite companies have performed in stock market terms. The composite insurance sector index has badly underperformed the All-Share Index in the 30 years it has been calculated – only one or two dead-beat sectors like engineering and motors have done worse over that timespan. And insurance, remember, is actually a growth business.

Now the insurance industry is trying to impose its own corporate governance system, featuring apparently out-of-touch chairmen and large numbers of ineffective non-executive directors, on the rest of British industry. But the British insurance companies which used to be world leaders are now retrenching and struggling; as for Lloyd's, the Continental reinsurance groups will surely prosper as Lime Street's capacity is savagely cut back.

An important factor in the poor showing of the composites is that the industry has simply not been able to handle the shift from a cartelised structure with a rates "tariff" to a competitive system. Return on capital has taken a back seat as managers have chased market share. Insurance companies have hoarded and then squandered shareholders' capital which could not

be profitably invested in the business. Competition has had another important effect. Whereas with the cartel cross-subsidy was rife there has subsequently been a chase after good risks and an ever-increasing segmentation of the market. It has reached the point where bad risks are being priced out of the market, or perhaps turned away point blank. If this simply applies to flashy sports cars perhaps little harm will be done, except to Porsche or Lotus. But in other cases there could be dangerous social implications. What happens if an old-age pensioner in an inner city area cannot obtain household cover? And if the government decides that people should be entitled to drive a car at the age of 17, is it right that the insurance companies should, through penal loading, effectively impose an age limit of 25 instead?

If insurance becomes too expensive you have to change your lifestyle. In the South of France big houses are surrounded by barbed wire and vicious dogs. Drivers in Italy are forced to remove their car hi-fi units and carry them around after they have parked. Those American lawyers may have done a splendid job for their existing clients, and are no doubt now licking their lips at the prospect of tobacco company suits, but future victims may find themselves uncovered. Indeed, in some of these corporate liability cases insurance is almost becoming counter-productive, because lawyers go most eagerly after the parties that they know have cover.

Perhaps the US is demonstrating the *reductio ad absurdum* of the insurance concept. Insurance companies – and poor old Lloyd's Names – have funded the huge escalation of claims and court awards. It is not yet as bad in the UK. But insurance companies have got to abandon the idea that they can simply keep jacking up premiums and they must refine their ideas about what constitutes an insurable risk.

We may have to learn not to tuck quite so many frozen TV dinners away in the freezer.

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## MARKETS

## London Markets

## There's no free four-course lunch

By Peter Martin, Financial Editor

**T**he old BP was a place where the standard fare in the visitors' lunch-rooms was four full courses - soup, fish, meat, pudding - and a glass of sherry waited, ready-poured, in front of every place.

It's an old oil-industry joke that Shell succeeds because of its system; BP succeeds despite its system. Two successive chairmen have tried to transform the way BP does business. Sir Peter Walters took the evolutionary approach, Robert Horton the revolutionary one. Both can claim important achievements; but neither won a decisive victory. BP's share price underperformed that of Shell by a third during Horton's tenure.

That question matters because, with all the signs pointing to an imminent dividend cut, investors must value the company on its recovery potential rather than simply looking at the yield. The drop in BP's shares after Horton's resignation - down in heavy turnover from 243p on Thursday to 209p at Friday's close - indicates that the market is uncertain of the outlook.

The drop in the share price was not enough fully to discount the halving of the dividend that analysts now expect, but it indicates a lack of confidence in the new management's ability to improve the company's performance quickly and restore the payout. The uncertainty stems from the sense that Horton left an unfinished task behind him.

The experience produced managers with bred-in the bone commercial instincts - perhaps the first such group ever to reach the top of the company.

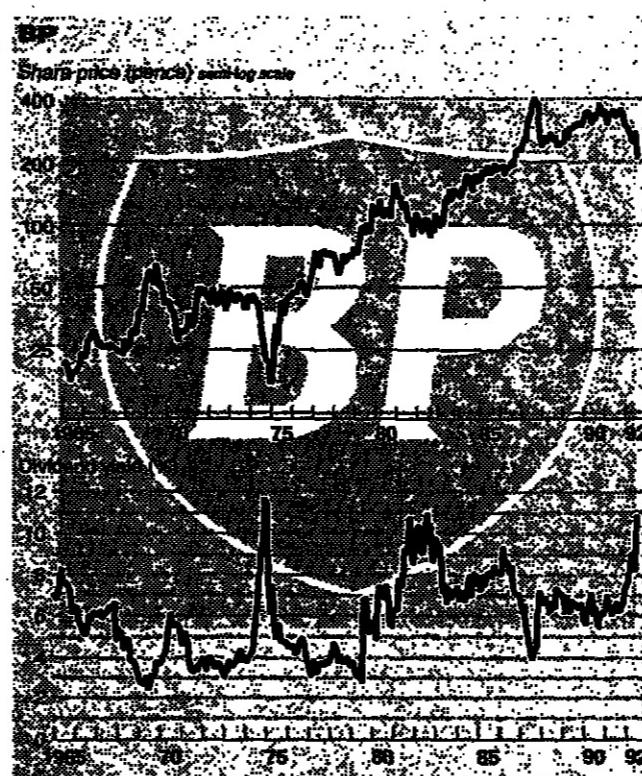
Instincts may not be enough to overcome the handicaps under which BP now labours - a weak oil price, heavy debt, and an only partly reformed bureaucracy. Still, the changing composition of the board indicates that Horton's legacy may be a lasting one.

Curious, as he was losing a chairman's seat, one was also slipping from his predecessor's grasp. On the day the BP announcement came, Hong Kong & Shanghai Banking Corporation announced that it had won control of Midland Bank (chairman Sir Peter Walters), with the offer expected to go fully unconditional on July 10. At 2.30 that day London dealers are likely to start in the new shares of HSBC Holdings, the Hongkong Bank's parent. It is likely to join the FT-SE index the next day.

For a more optimistic view, says one former insider, look at the executive directors recently appointed to the board. Instead of BP's traditional mixture of exploration-production people and "diplomats" (the regional managers who negotiated with foreign governments) the new men spent their formative years wheeling and dealing for crude, once BP lost its automatic access to cheap oil from the Middle East.

## HIGHLIGHTS OF THE WEEK

|                 | Price<br>y'day | Change<br>on week | 1992<br>High | 1992<br>Low |                                  |
|-----------------|----------------|-------------------|--------------|-------------|----------------------------------|
| FT-SE 100 Index | 2534.7         | -50.7             | 2737.8       | 2382.7      | Fall in Nikkei Average           |
| Abbey National  | 281            | +12               | 317          | 257         | UBS Phillips & Drew 'buy' note   |
| Airtours        | 256            | -18               | 337          | 203         | Holiday price war worries        |
| Amber Day       | 38             | -18               | 109          | 36          | Board departure & profit warning |
| BP              | 209            | -42               | 304          | 204         | Chairman ousted/div cut expected |
| Brown Shipley   | 80             | -38               | 204          | 80          | Big losses of banking business   |
| Castrol         | 196            | -43               | 403          | 188         | Weak drug stocks                 |
| Guinness        | 545            | -35               | 644          | 506         | Lower spirit sales               |
| Kingfisher      | 501            | -23               | 582          | 438         | Profit downgrades                |
| LASMO           | 177            | -162              | 263          | 169         | IPO proceeds less than expected  |
| Midland Bank    | 459            | +33               | 474          | 204         | HSBC wins control                |
| P & O Delf      | 446            | -25               | 555          | 375         | Charterhouse Tilney downgrading  |
| Rothmans B      | 1160           | +51               | 1180         | 1003        | Results & proposed share split   |
| Vicarage        | 328            | -53               | 409          | 328         | Hoare Govett downgrading         |
| Wellcome        | 887            | -38               | 1174         | 877         | Share offer                      |



about. (It really is a new share, by the way: past movements of HSBC stock offer little guide to the future, since the influence of Chinese political considerations will now be heavily diluted by the impact of Midland's business.)

Other decisions lie ahead for investors: the Wellcome Trust's sale of 330m shares in Wellcome, the drug company, will seek to raise roughly £3bn from investors in next month's international tender offer. The UK public offer, for which 280m of shares have been earmarked, will close on July 21, with the tender price and basis of allocations to be announced on July 27. Wellcome's shares closed the week 32p down at 887p.

What has happened to the shares of food retailers? As a group, they have moved pretty steadily upwards for the past five years, and are now the highest they have ever been. Of course, quoted food stores have been steadily gaining ground at the expense of their unquoted rivals, widening their margins while still, unlike the motor retailers, they have little rebound in demand to look forward to.

This is a notoriously cyclical industry. How did stabiliser, more defensive ones fare?

Spending on food peaked in the second quarter of 1989, along with motor cars; it is now 1.3 per cent below that level. But it is also lower - just - than the figure reached in early 1988, and in real terms it has risen only 9 per cent since the end of 1985. Spending on beer and drinks is lower than it was in 1987; tobacco spending has been falling steadily for more than a decade.

What has happened to the shares of food retailers? As a group, they have moved pretty steadily upwards for the past five years, and are now the highest they have ever been. Of course, quoted food stores have been steadily gaining ground at the expense of their unquoted rivals, widening their margins while still, unlike the motor retailers, they have little rebound in demand to look forward to.

The table headed Consumers' Expenditure speaks volumes about the path of the UK recession. Spending on motor vehicles peaked, in real terms, in the second quarter of 1988. Since then it has fallen by 48 per cent. Such a huge drop in sales volume is hard for any industry to cope with; under-

## Serious Money The pricier side of life . . .

By John Authers

**A**RE YOU suffering from statistical overload? Anyone trying to take a personal finance decision will soon find out about this distressing syndrome.

Mountainous league tables exist for every product. The problem is applying them. They can prove which was the best endowment to buy 25 years ago, or the best unit trust 10 years ago. But the problem, particularly where savings are concerned, is the choice, now, between a life product and a straight investment product. This is trickier.

Most people want the product to perform exactly the same task for them - to convert their savings over a long period into a big lump sum.

But statisticians face three problems. First, the new breed of unit and investment trust savings schemes have not been around long. Personal equity plans (Peps), in which these schemes are most tax-efficient, have existed for only five years. This makes comparison with life plans, which have existed for the best part of two centuries, all the harder.

Second, the two products do not set out to do the same thing. Put money into an endowment and some of it will go towards life insurance, even if you do not need it. Such cover is important, but it can be bought much more cheaply and is wholly distinct from investment. Unit and investment trust schemes also have the virtue of flexibility - you can withdraw money at any time, and receive the value of your savings, without a penal surrender value.

Third, tax raises its ugly head - collective trusts are liable for capital gains tax, unless they are held in a Pep, while endowment pay-outs are stated to NAP's pay-out.

Comparison begins to look mighty difficult. But *Money Management* magazine has spent the last few months engaged in just this Herculean

task. Its conclusions might still leave you baffled.

The magazine accounts for the life cover as follows. It took the top-performing ten-year with-profits endowment, from Equitable Life, and asked how much the expenses of life cover had reduced its yield. The answer was equivalent to £1.85 per month from a £50 premium policy.

It then took the top-performing unit trust over ten years - NAP UK Income - and calculated how well £1.85 per month would have fared within this over ten years. This came to £581, which was then deducted from their overall figure for £50 per month, reducing £15,735 to £15,154.

This made Equitable's endowment pay-out of £13,983 look that much more competitive. But is this a valid comparison? Life cover as part of an endowment usually occupies much the same role as the free glasses you pick up at petrol stations.

**F**or example, the leaflet for Sum Alliances Cashdate plan devotes more space to the solar-powered calculator, compact Masterchef and free weekend holiday which you could win after taking out a plan, than it does to the protection for your family".

These gifts might be useful to you, in which case the policy might look more attractive, or they might not, in which case they are irrelevant. The life cover which comes with an endowment falls into much the same category.

Endowments are sold as investments, and it is fair to judge them solely on this basis. The £581 can fairly be reinstated to NAP's pay-out.

But the *Money Management* figures also show that endowments are very creditable investment performers over 10 years. The best unit trust schemes easily beat the best endowments. But the average unit trust scheme has only

made £10,202, while the average with-profits endowment has made £11,942, from total premiums paid of £6,000. Capital gains tax, for which figures are hard to obtain, would increase the gap.

Over 20 years the trend is reversed and the few unit trusts which have been going this long have managed to produce an average of £60,300 before tax, compared with £54,574 for endowments - from total premiums of £12,000.

So, for less experienced investors, life policies look decent value. Over relatively short terms, those not confident in their ability to choose a good unit trust are best sticking with an endowment.

But then comes the next statistical headache - the introduction of Peps. Calculating results for Pep savings schemes is a nightmare.

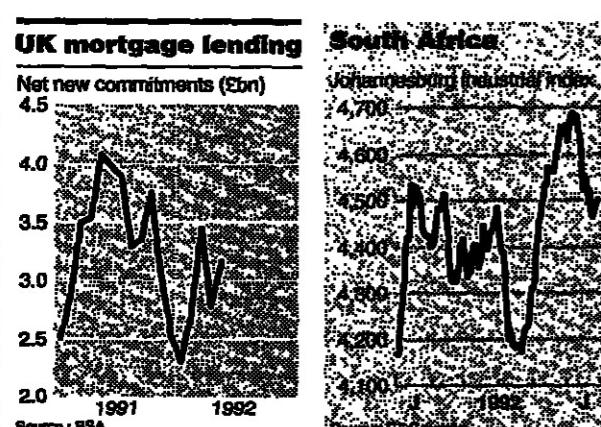
But *Money Management* has produced lump sum figures for 314 unit and 57 investment trust Peps over the last five years. Top performer is Newton income, which has turned £1,000 into £1,956. This would have been £1,840 in a non-Pep version, showing that unit trust performance is considerably enhanced in a Pep.

The problem? Five years is a very unflattering period over which to judge an equity investment, thanks to the stock market crash of 1987, and 58 unit trust Peps have actually lost money over five years. Those same market conditions are also putting with-profits bonuses under threat.

Most such individuals should now have keeled over with statistical overload. Perhaps you will have to rely on logic.

Logic shows that with a Pep you will pay less tax, enjoy greater flexibility, avoid paying for life cover and have the chance of long-term out-performance. If you are very cautious, the ten-year figures show that the life offices can still provide good value, in spite of tax burdens imposed and the need to produce life cover.

## AT A GLANCE



## Mortgage lending shows 16 per cent increase

Building societies pledged £3.21bn in new mortgage lending last month, 16 per cent up on April's figure, the Building Societies Association said. But the figure was still below the £4.07bn lent in May last year. It warned that the increase in loan agreements did not show that a revival in the housing market was necessarily on the way. Mark Boléat, director-general of the association, said:

"The rise in net new commitments is encouraging. However, it is a small rise and the figures do not yet suggest a significant upturn in activity." Last month was also poor for savings, with net receipts at £175m, down from £212m in April.

## S. Africa weathers the storm

South African stocks were hit last week by the news of the Boipatong massacre, but the market soon recovered. Shares were marked down but there was little selling pressure and the overall index fell only 4.2 points on Monday to 3,692. Industrials (not including resources companies) slipped further by 5.1 to 4,711. But by the end of the week, bargain-hunters had restored the overall index to 3,646, and industrials to 4,501. Investing in South Africa: Page V

## Tessas top £10bn total

More than 3m people have invested a total of £10.41bn in Tax Exempt Savings Accounts since their introduction in January 1991, according to figures published by the Inland Revenue. Just over £5bn was invested in the first three months of their introduction. This year more than £2bn was invested from January to March, compared with £497m from October to December 1991. This is because Tessas holders were limited to a maximum of £3,000 in the first year but were able to add a further £1,500 in the second year.

## Low-cost share service

Allied-Lyons launching a low-cost share dealing service with commissions of just 1 per cent on its own shares and no minimum. Purchases can be made on a lump sum basis or via monthly savings of £50 or more. The company, a 50:50 joint venture between Allied and Peps, will offer a £10,000 limit, and a single company Pep, with a ceiling of £3,000. There will be an initial fee of £10 plus VAT, and an annual management charge of 0.5 per cent, plus VAT. Brokerage fees within the Pep will be 0.25 per cent, plus stamp duty. The Pep is being administered by Bradford & Bingley (0274-556777) and details of the share dealing service can be obtained on 071-805-1788.

## Mixed views on smaller companies

Smaller companies had another bad week. The County Netwotk of smaller companies index fell 1.64 per cent to 265.07 over the week to Thursday June 25. The Hoare Govett index (capital gains version) fell 1.62 per cent to 121.86 over the same period. However, Mercury Asset Management is positive about the sector. It says: "Despite their recent rally, smaller companies are still trading at a discount to larger ones in p/e terms. Valuations therefore look attractive, especially if you consider the long-term view."

## Capital Gains Tax

Last week's Capital Gains Tax indexation table omitted the figures for the first four months of this year. Multiply the original cost of an asset by the following figures: 1.027 for January and 1.004 for April. If you subtract the result from the proceeds of a sale made in May, the difference will be your taxable gain or loss.

**W**ITH THE economic recovery showing signs of cooling off, the heat was turned up on Federal Reserve chairman Alan Greenspan this week.

President Bush took time off on Wednesday from trading bricks with Ross Perot via television and radio talk shows, to launch his clearest call yet for lower interest rates. In an interview with The New York Times, Bush said he believed the outlook for inflation was sufficiently unthreatening to allow room for another cut in interest rates. The implication of his remarks was clear: Greenspan should worry less about inflation and the bond markets, and more about the desperately weak nature of the economy recovery.

The President also knows that later in the month the Fed chairman has to give his bi-annual Humphrey-Hawkins testimony to Congress, where he is bound to be given a rough ride over his handling of the economy if he has done nothing by then to stimulate business activity.

The President's plea for a policy ease, echoed a day later by Michael Boskin, his chief economic adviser, was carefully timed. The Fed's key policy-making Open Market Committee (FOMC) meets next week for its monthly review of the economy and monetary policy.

The FOMC voted to adopt a neutral stance on policy. There has been no indication from within the Fed since then to suggest that view has changed. If anything, recent pronouncements from Fed governors have confirmed that the

substantial recovery from the recession of 1990-1991.

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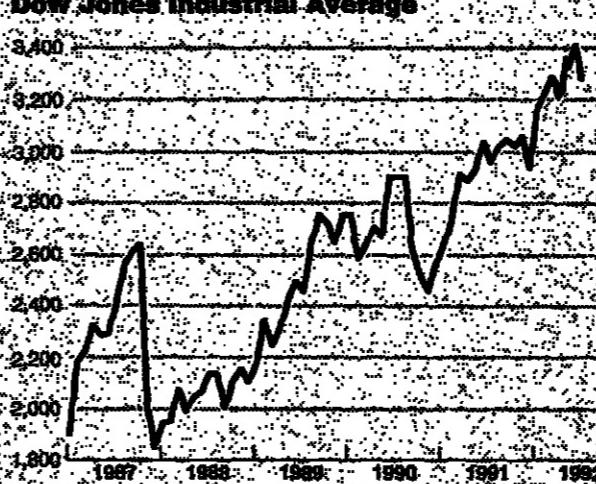
policy makers are content with the economy's progress.

Yet since that May meeting the economic indicators have looked especially discomforting. This week alone saw bad news on durable goods orders (down 2.4 per cent in May), jobless claims (up 16,000 in the second week of June) and money supply (all measures

## Wall Street

## Bush campaign turns heat on Greenspan

## Dow Jones Industrial Average



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income from loans. It may be able to offset this by selling other financial services to those well-to-do customers with their high interest savings accounts.

Perhaps this is partly why stockbrokers' analysis still seem to have rather muted expecta-

tions of TSB, even though there are good grounds for thinking that its troubles are over. But it is also a stock with some bid potential. TSB's five year period of protection from takeover ended last autumn and unless it grows in size, it could well attract a predator.

TSB's chequered history contrasts starkly with Abbey National's seemingly effortless succession of good performances since its stock market flotation

## FINANCE AND THE FAMILY

# Lloyd's: what are its prospects now?

*As losses rise and Names face financial ruin, Scheherazade Daneshkhu and Richard Lapper look to the future*

**T**HE CITY was expecting Wednesday's annual general meeting of Lloyd's of London to be tense, chaotic, even violent.

Lloyd's, which reports its results three years in arrears, announced losses of £2.06bn in 1989, leaving its Names - the individuals whose assets provide the market's capital base - facing average losses of £83,500 per head.

Names on catastrophe reinsurance syndicates, which were overwhelmed by claims from Hugo, the hurricane that devastated the Caribbean in September 1989, and other natural disasters, bore the brunt and must contend with bigger average losses. About 4,000 Names on Gooda Walker syndicates suffered losses of at least £100,000 per head, for example.

In the event Wednesday's meeting passed off without incident.

The now closed accounts for the 1989 year were described by David Coleridge, the chairman, as "one of the darkest chapters" in the insurance market's 300-year history. But how should Names who have avoided the most severe losses and can afford to trade out of their current difficulties assess the market's prospects in the

future? And should people still consider joining Lloyd's?

The traditional advantage of Lloyd's membership - the ability to use capital twice - still holds good. Names earn returns on their assets from both investment and underwriting. And in some ways the market is in a better state today than it was a year ago, when its 1988 losses of £810m, the first deficit for 20 years, were announced.

Insurance rates in many sectors are increasing; quite sharply in cases such as Japanese reinsurance, where competition had driven premiums to very low levels.

Many of the least efficient syndicates and agencies and the less successful underwriters have been pushed out of business, as rationalisation proceeds apace. There are at least 70 fewer syndicates trading in 1992 than last year.

The result for 1990 will be poor, and a loss of £1bn is expected when Lloyd's announces the outcome next year. But 1991 could be better and Lloyd's should certainly be back in the black - barring a run of catastrophes - by 1992, when results for this year are reported in 1995.

More important, Lloyd's could soon institute reforms, suggested by the task force, which completed an extensive review of business practices on the market in January. These would change the principle of unlimited liability, by which Names are liable for all losses, down to their smallest possessions.

Never the less, advisers strike a note of caution. More than 1,000 Names are seeking compensation for their losses from their agents and, in one case, from Lloyd's Corporation itself, in a series of legal actions alleging negligence.

This litigation is bound to affect confidence in the market at a time when the resources of existing Names are depleted. As many as 4,000 of the 22,300 Names currently trading at Lloyd's could resign at the end of the year, depressing the size of the market's capital base and increasing the relative costs of doing business at Lloyd's.

Mike Voller, Lloyd's specialist at accountants BDO Binder Hamlyn, says that if confidence declines, Lloyd's might shrink and become a much more risky investment. "A year ago we might have said it would be a good time to join but there is so much uncertainty now that we could not recommend it."

Voller suggests it is better to wait a year to see how the market develops next year, and perhaps join in 1994.

Robert Saunders, of Smith & Williamson, agrees. He says trading conditions are better than in the late 1980s and people wanting to become Names can join virtually any syndicate.

Most agree that Names must find out more about the business they are in than they would with more orthodox investments. Many of those



## Average family faces £10 per month rise in premiums

results for generations in 1990, UK insurance companies reported record trading losses of £3.3bn last year, with motor insurers hit by underwriting losses of £1.2bn.

However, the companies' main problems stemmed from mortgage indemnity policies, which insure building societies against losses they suffer on the sale of repossessed properties. With the number of repossessions rising and house prices falling, claims multiplied last year and losses of £1.2bn dwarfed premiums. Losses from subsidence damage to domestic properties rose to £540m.

Ian Rushton, chairman of the ABI, warned that the £10 a month figure is

very much an average. "Where the industry is making and foresees exceptional losses, the increases may be significantly greater. Some rates have almost doubled already and these reflect the dramatic losses."

Ian Rushton, chairman of the association, said: "In the UK, for every £1 of premium collected, insurance companies paid £1.30 in claims and expenses."

By contrast, most of the recent losses at Lloyd's have affected syndicates specialising in commercial insurances such as marine and liability policies for large companies, and catastrophe reinsurance.

Lloyd's is the leading insurer of

private motorists, with a market share of 14 per cent. But its results in this sector have been good. The 28 syndicates insuring private cars recorded a profit in 1990.

Syndicates have been affected by the upsurge in claims in 1990 and 1991 and George Johnston, chairman of the Lloyd's Motor Underwriters Association, is expecting a small loss in 1991. Johnston cites the big rise in crime and recession-related claims as the main reason.

Rates at Lloyd's have increased. Ralph Sharp, managing director of Castle Holdings, which manages one of the Lloyd's market's biggest motor insurers, says premium rates have

risen by 50 per cent over the last 18 months, although this takes into an increase scheduled for July. Paul Scott, partner of Lloyd's brokers Roger Lark and Sedgwick, believes that the increases charged by Lloyd's syndicates lag behind those pushed through by the companies.

Meanwhile, the ABI said some of the increase in claims was due to bogus and inflated claims, which cost it an estimated £400m last year. The Association is launching an advertising campaign next month in a bid to deter fraudsters. Mike Jones, chief executive of the ABI, said: "We aim to identify, spotlight and prosecute the fraudsters. They must not be allowed to get away with dodgy claims."

# Cash calls: how to cope with the crisis

OVER THE coming weeks several thousand Names who have been hit hard by the market's record losses of 1989 and cash calls for 1990 will face the prospect of finding very large sums of money.

Advisers say those in this situation should not panic, but should seek expert advice.

The first thing any Name should do is to look closely at his or her finances and draw up a cash-flow chart to see how much is needed and the most tax-efficient way of raising that sum, says Robert Saunders, of Smith and Williamson.

Names should be especially cautious about using the resources of family members to meet losses because of the tax implications of doing this.

Saunders says that the Inland Revenue's treatment of loans taken out to meet Lloyd's losses has become more generous. Citing a hypothetical case of a Name facing a £100,000 loss who has a mortgage of £130,000 and £100,000 of savings in the bank, he says: "The worst thing the Name could do would be to use the savings to pay off the losses."

Saunders suggests that the savings should be used to reduce the mortgage and more money should be borrowed to pay the losses. Interest on the new £100,000 loan can be offset against the Name's marginal tax rate.

Max Lehrain, of Grimston Scott, also says that it is better to borrow rather than to sell assets, and warns that Names who panic and sell their shares are likely to face a large capital gains tax bill. Grimston Scott has organised lines of credit with building societies with interest rates in the region of 9.5 per cent to 10 per cent.

However, some Names are so badly affected that restructuring their finances will not be enough. Lehrain says that for those who are doing their best to meet their commitments, it is possible to arbitrate informally with the

agents in order to delay paying off all the losses at once. Failing that, Names can seek hardship relief from Lloyd's, or apply for bankruptcy.

Those who opt for hardship relief agree to restructure their debts to Lloyd's, with their unpaid loss converted into a loan at a commercial rate of interest. Terms are confidential and negotiated on a case by case basis, but generally Names are allowed to retain a home of around £125,000 in value and an annual income of about £14,000.

Lloyd's is negotiating extra funding of some £50m from agents and brokers which could lead to easier terms, but so far hardship has not proved to be a popular option. Only 39

'It is better to borrow to pay a cash call than to sell assets'

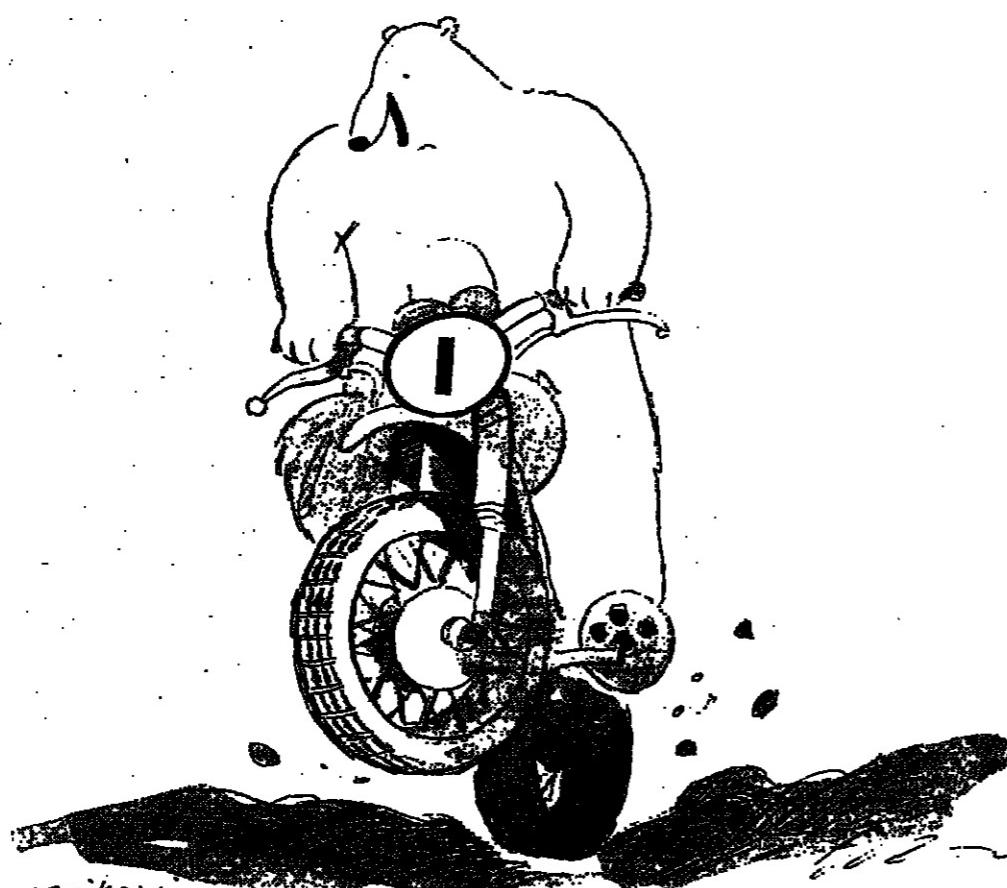
Names who have approached the Hardship Fund committee, chaired by Dr Mary Archer, have accepted the arrangements proposed.

"Some Names may not have realised that the Hardship Fund means just that," says Michael Voller, Lloyd's specialist at BDO Binder Hamlyn, chartered accountants. He says that bankruptcy - despite the social stigma attached - is a preferable option for some Names. "At least it wiped the slate clean."

However, all the advisers believe that those Names who are tempted to resign from Lloyd's should think again, because by doing so they will cut themselves off from potential future profits.

■ *Binder Hamlyn Helpline for Names. Tel: 081-666-9736 and ask for Michael Voller.*

R L



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## FINANCE AND THE FAMILY

## Investing in . . . South Africa

## Not just a black and white choice

**S**OUTH AFRICA forces a personal investor to face a unique dilemma. Any decision you make will not just be based on investment merits, for in the past two decades the climate of world opinion about the country has ensured that any such move must involve ethical and political judgments as well.

Even those who had no qualms about investing in a nation governed by apartheid still had to assess the stability of the regime. The effect of sanctions imposed on the nation's economy also remains to be weighed.

The ideal scenario is for South Africa to transfer peacefully to a regime which the rest of the world can stomach. This would leave the strengths of the nation's economy intact and, by allowing sanctions to be lifted, allow greater economic vigour.

Optimism that this could happen has grown since the release from prison of Nelson Mandela, leader of the African National Congress, in early 1990. However, it remains only a vague sentiment as far as UK investors are concerned.

Trustees of charity funds have slowly begun to warn towards South Africa - for

example, David Edwards, of the charity investment management service at Henderson Crosthwaite, says: "What has tended to happen over the last year is that trustees have become less averse to the inclusion of South Africa, and that mirrors the sentiment of the average private client."

However, this mood has not translated into active investment. Edwards continues:

"Now that trustees are relaxing their attitude to South Africa, investment fundamentals come back. And I don't think many fund managers have put money into South Africa because it hasn't looked right, even though the political situation looks better."

Stuart Bell, of Pensions Investment Research Consultants, surveyed UK pension funds in 1990 and found that about half had some restriction on investment in South Africa. Nothing much had happened since then - the only local authority pension fund to change its policy was that of the London borough of Brent, following loss of control by the Labour party.

"Basically, it's still a political football," says Bell. "From the commercial outlook, there has been no reason for them to

amend their views anyway." As a legacy of South Africa's pariah status, there are few ways to buy direct exposure to the country in the UK. Unit trusts are authorised by the Securities and Investments Board to invest up to 100 per cent of their funds in South Africa until a "one man, one vote" system has been achieved. However, they were prepared to invest in a company which did more than its competitors to introduce good employment practices, and so the fund has invested in Reckitt & Coleman.

Reinvestment in South Africa has only just started, which may explain the market's muted reaction to the massacre in Boipatong last weekend. Mandela's subsequent decision to withdraw from talks on democracy with the government seemed to confirm the worst fears of the watching world, but the Johannesburg Stock Exchange index fell a modest 42 points to 3,639, while companies with overseas assets, such as Lonrho and Minerva, actually rose.

So, ethical arguments aside, is this the time to buy into South Africa? The answer must be definitely not.

Jonathan Martin Smith, of the South Africa and mining department of stockbrokers

exposure via companies quoted in the UK. Even "ethical" investors are now prepared to do this. The Merlin Ecology unit trust polled its unitholders and found a large majority against direct investment in South Africa until a "one man, one vote" system has been achieved.

However, they were prepared to invest in a company which did more than its competitors to introduce good employment practices, and so the fund has invested in Reckitt & Coleman.

South African exchange controls are another reason for staying put. There is a separate currency for external investors, the financial rand, which is usually at a substantial discount to the main commercial rand. Foreign investors thus have a strong disincentive to sell, particularly in troubled times, when the discount grows - it went up to 27 per cent following the news of Boipatong.

So, South Africa needs to be watched. But those who do not already have exposure should keep it that way until the political situation is much clearer.

John Authors



Johannesburg: sanctions and political tensions make South Africa a risky place for investors

## FACTFILE: South Africa

|                                 |   |
|---------------------------------|---|
| Population (inc. households)    | 38.5m   |
| Gross Domestic Product:         | £190.04bn   |
| Market Capitalisation:          | £98.7bn   |
| Inflation Rate:                 | 15.6 per cent   |
| Three-month Treasury Bill Rate: | 13.97 percent   |
| Currency & Exchange Rate:       | £1 = 5.2265 commercial Rand<br>£1 = 7.1220 financial Rand |

## Directors' Transactions

### Cash calls spark share sales

THE PAST week has been marked by directors selling in order to meet personal financial commitments. Martin Barber, the chairman, and Xavier Pullen, the managing director of Capital and Regional Properties, sold 484,000 and 242,000 shares respectively at 110p for tax liabilities.

The sale of 8m shares by James Gommes, a non-executive director of Burford, the property investment group, was made for personal financial reasons. And at Steel Burdill Jones, the insurance brokers, five directors sold shares in order to fulfil their obligations to Lloyd's of London.

Bodycote International, which manufactures industrial protective clothing, has been performing strongly over the past year. Sales by the managing director of operations in the Netherlands, and by Joseph Dwek, the chairman, were made at prices around 440p. The Netherlands operations MD no longer holds any stock in the company, but Dwek still retains a sizeable proportion.

Racial Electronics has also

been performing well following good final results and director buying continues unabated. Michael Richardson, chief executive of the electronic security division, has increased his holding by 100,000 shares at 67.5p.

At Porter Chadburn three directors bought shares following a period of relative under-performance and the announcement of final results. Raymond Dinkin, the chairman, William Lazarus, the finance director and Patrick Barrett, a non-executive director purchased a total of 121,000 shares at prices between 30p and 88p.

Three directors of King and Shaxson, the discount house, were also buying. David Pearce, the chairman, Ian Perkins, the managing director and James Beard, a non-executive director all bought shares thereby increasing their individual holdings considerably. Pearce recently replaced William d'Abbs as chairman and prior to this purchase held no shares in the company.

Angus MacDonald  
Directus Ltd

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

| Company             | Sector | Shares    | Value | No of directors |
|---------------------|--------|-----------|-------|-----------------|
| <b>SALES</b>        |        |           |       |                 |
| Acatos & Hutcheson  | Fdm    | 18,633    | 20    | 1               |
| Appleby Westward    | FdRt   | 60,000    | 168   | 1               |
| Bodycote            | Cong   | 70,730    | 311   | 2               |
| Burford Holdings    | Prop   | 8,000,000 | 4,040 | 1               |
| Cantos "A"          | Stor   | 75,000    | 115   | 1               |
| Capital & Regional  | Prop   | 728,000   | 789   | 2               |
| Concentric          | EngG   | 3,000     | 11    | 1               |
| EIS Group           | EngG   | 38,405    | 156   | 2               |
| Firex Earth Tiles   | Stor   | 54,040    | 35    | 2               |
| GI Portland CUL     | Prop   | 250,000   | 240   | 1               |
| Hambros             | Mdn    | 623,717   | 2,043 | 1               |
| Scapa               | IndM   | 187,717   | 560   | 2               |
| Steel Burdill Jones | InsB   | 262,500   | 735   | 5               |
| Trace Computers     | Elec   | 106,250   | 34    | 4               |
| Watnoughs           | Mdn    | 41,650    | 185   | 1               |
| Wickes              | BigM   | 65,000    | 56    | 1               |
| <b>PURCHASES</b>    |        |           |       |                 |
| Bedford (Wm)        | Stor   | 200,000   | 44    | 1               |
| GI Portland         | Prop   | 125,000   | 173   | 1               |
| Hillside Holgs      | Fdm    | 20,000    | 33    | 1               |
| Inchape             | BusS   | 6,000     | 29    | 1               |
| Johnson Group       | BigM   | 10,000    | 20    | 1               |
| King & Shaxson      | OffF   | 25,500    | 21    | 3               |
| Morrison (Wm)       | FdRt   | 12,000    | 14    | 1               |
| Owen & Rob Ln Nts   | Stor   | 850,000   | 850   | 1               |
| Owen & Rob A R Pref | Stor   | 50,000    | 275   | 2               |
| Parkfield Tax ANV   | Text   | 30,000    | 23    | 1               |
| Pilkington          | BlM    | 10,000    | 13    | 1               |
| Porter Chadburn     | Cong   | 121,000   | 46    | 3               |
| Recruiters          | Eins   | 100,000   | 68    | 1               |
| Royal Insurance     | InvC   | 5,977     | 15    | 2               |
| Sand Murray Elder   | Moto   | 90,000    | 100   | 1               |
| Sharpe & Fisher     | BigM   | 32,500    | 31    | 1               |

Values expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction on a director. This list contains all such transactions during the exercise of options (\*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 5-7 September 1992.

Source: Directus Ltd, Edinburgh

## WALES

The FT proposes to publish this survey on

September 16 1992.

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FT SURVEYS

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All forenames

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Date of birth  
(Essential if under 17)

Day Month Year

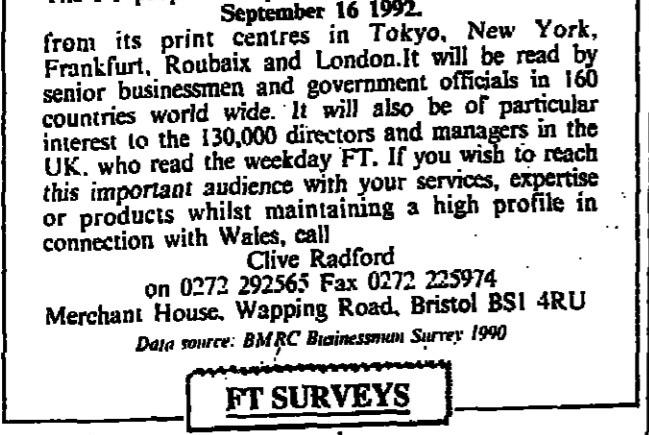
Signature

Date

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\*Source: The WM Company.

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\*Source: BWI Investment Trust Service (1st May 1992) based on mid-market price.

To Stewart Ivory and Company Limited, 45 Charlotte Square, Edinburgh EH2 4FW. Telephone 031-226 3271. Please send me full details including the financial results of Saints.

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## FINANCE AND THE FAMILY

### Pension purchase fears

Pension fund managers fear that evidence of Robert Maxwell's raids on pension schemes of companies under his control is being used to induce people, particularly those who have just been made redundant, into mistaken purchases of personal pensions.

Company scheme managers feel frustrated by the present rules which prevent them from advising members but have allowed thousands of inappropriate sales to take place.

The harm done may not be apparent for some years, but they say that disciplinary action by Lauro (Life Assurance and Unit Trust Regulatory Organisation) now under way will not address this basic flaw.

Paul Trickett, head of pensions at the Mineworkers' Pension Scheme, said some 12,000 of the 16,000 miners leaving the industry last year had transferred into personal pensions. The scheme had paid out \$400m in transfers, implying around \$30m worth of sales commission.

Trickett said a number of insurance companies had recruited former miners as salesmen, sending them to sales meetings after just two weeks' training.

"We get relatively elderly men - some over 55 - who would have had a guaranteed indexed pension for life and for their widows with the Miners' Pension Scheme. They transfer out, and that has got to be poor advice," he said.

Trickett added that in some cases miners still working had left the scheme to take out

rebate-only pensions without life insurance cover.

"It cannot be best advice for someone in the mining industry to have no death-in-service or disability benefits," he said.

Barred by the Financial Services Act from giving advice to members on transfers, the miners' scheme is considering arranging free access to independent advice on a non-commission basis.

The scheme provides all leavers with a leaflet setting out questions that pension salesmen should be asked.

Until recently, the leaflet included a statement which,

leaflet, partly because nobody ever signed it.

Mark Adams of Rank Xerox pensions said that the group had published a booklet specifically dealing with pension transfers after becoming concerned at seeing members with deferred pensions withdrawing substantial amounts of capital when this was really not appropriate.

The Rank Xerox booklet explains that the group cannot give advice on transfer decisions. It suggests that scheme members should "if necessary consult a financial adviser who will be able to

large assurance company over an advertisement run earlier this year in the legal and public notices sections of local St Helens papers.

"ATTENTION All past employees of Pilkingtons, UG Glass, Crompton, Bury Times, NHS, Fords, Marks & Spencer and any other major company whether you are currently employed or unemployed." Call Eric, it could be to your financial advantage."

Requests for transfers into the personal pensions scheme resulted, but quite a few were from people already receiving Pilkington pensions, while others were from former employees who had taken cash refunds in the days before preservation of benefits.

Neate pointed out that under the Financial Services Act, although he could give generic advice, he would be committing an offence to recommend the products of A over B.

"It seems some of the big pensions companies do not see themselves as bound in this way when perhaps they should," he said. "They do not allow lack of knowledge of our schemes to stand in their way when they trawl for business."

"Whatever the theory underlying the financial services legislation, too often the fact is that the member's or former member's interests are forgotten when there are commissions to be had," said Neate, who succeeded in getting the advertisement withdrawn only after threatening to inform both Lauro and the FT.

**Company pension managers are becoming worried by the sales of inappropriate personal schemes says Barbara Ellis**

the scheme suggested, salesmen should be asked to sign confirming that in respect of the cash equivalent transfer value from the MPS, the pension plan supplied would provide "no less benefit than you would have been entitled to had you kept your benefits with the Miners' Pension Scheme."

"No personal pension provider could sign that," said Steve Conley, pension product manager at Refuge, who acknowledged that salesmen's failure to sign had put a brake on sales to former miners. However, the Miners' Pension Scheme had dropped the statement from its latest

give objective advice". But Adams expressed doubts about some brokers claiming to be independent but apparently putting 99 per cent of their business through one company.

"There are very few cases you can salvage," he said. "It seems when people talk to brokers all we get is the request when the member has already signed a transfer form."

At Pilkington, Robert Neate, the group pensions manager, said that salesmen's attempts to persuade early leavers out of the scheme seemed particularly cut-throat.

He recalled a battle with a

## Unlucky numbers

I WONDER if you could tell me the odds of winning a single prize on ERNIE (the Premium Bond computer) with a holding of £10,000 in 10,000 consecutive numbers over a period of two years.

After the first year of no prizes, I wrote to the Bond Office to check the numbers' validity. This was confirmed. Another year later, I have still not won anything from this maximum holding.

According to the National Savings you have been "quite phenomenally unlucky". On each monthly draw, someone with your holding has ten chances in 11 of winning at least one prize. Thus, by the law of averages, over 11 months you would expect to win ten prizes. Not to win any in 24 months, when you might have expected to win 21, stretches the bounds of probability to the limit.

However, ERNIE is random, according to National Savings - numbers are computer-generated, and the fact that occasionally someone is as unlucky as you have been only proves that ERNIE is random.

What would be the tax position (income, capital gains, inheritance) if I transferred ownership to my wife and she later cashed the bonds, during my lifetime or after my death?

Would a transfer to my wife trigger any form of tax liability?

What would be the tax position if the bonds remain in my ownership until my death (is what would be the position for my executors)?

1. Yes - because the policies were issued before November 18 1983.

2. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher rate tax (currently 15 per cent) but not from age surcharge (currently 12½ per cent).

Death: Income tax on the excess of the surrender value (before your death) over the premium, subject to top-slicing relief as on surrender.

3. No.

4. Income tax as though you had surrendered the policies immediately before dying. IHT as part of your estate.

Death: Income tax on the excess of the surrender value (before your death) over the premium, subject to top-slicing relief as on surrender.

3. No.

4. Income tax as though you had surrendered the policies immediately before dying. IHT as part of your estate.

names the properties are in.

Usually where a married couple own two properties, one of them will be their joint main residence (in your case probably the house). If in fact you and your husband will have separate main residences, the one you bought first will be treated as your joint main residence for mortgage interest relief purposes.

This tie-breaker rule to which this refers is at Section 356(5) ICTA 1988.

Correction

THERE WAS an error in the reply "Miras on two homes" given last week. The correct reply is as follows: As a married couple, you and your husband can receive mortgage interest tax relief on only one property even if the house is your main residence and the flat is his main residence. It makes no difference whose

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| Bristol & West BS                         | Balmoral A/C      | 031 225 3557 | Instant     | £25,000         | 10.90% | Y/y       |
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| Cheltenham & Gloucester BS                | Golden Term Share | 0800 717505  | 4 Year      | £25,000         | 12.25% | Y/y       |
| <b>TESSAs (Tax Free)</b>                  |                   |              |             |                 |        |           |
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| National Counties BS                      | Capital Plus      | 0732 742211  | 5 Year      | £3,000          | 12.00% | Y/y       |
| Exeter Bank                               | Classic Postal    | 0392 50335   | 5 Year      | £250            | 11.25% | Oly       |
| Vernon BS                                 |                   | 061 429 6262 | 5 Year      | £11,170         | 9.75%  | Oly       |
| <b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>  |                   |              |             |                 |        |           |
| Caledonian Bank                           | HICA              | 031 566 8235 | Instant     | £1              | 9.50%  | Y/y       |
| UDT                                       | Capital Plus      | 0734 500411  | Instant     | £1,000          | 9.40%  | Y/y       |
| Chelsea BS                                | Classic Postal    | 0242 521381  | Instant     | £5,000          | 9.75%  | Y/y       |
|   |                   |              |             | £10,000         | 10.00% | Y/y       |
|   |                   |              |             | £25,000         | 11.25% | OM        |
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## PERSPECTIVES

# Walking over England: a foot-slogger's diary

*Charles Leadbeater braved blisters, fell-runners and bed and breakfast accommodation galore in a coast-to-coast marathon*

■ St Bee's Head to Ennerdale Bridge, 14½ miles.

**A**HUGE jellyfish washed up on the ribs of sand on the beach at St Bee's Head formed my starting point as I set out to cross England to the North Sea. I headed up the steep cliff path, decked in flowers, which marks the edge of the bleak industrial belt of Cumbria in north west England.

I was steered to and then away from the Whitehaven chemical works — which announces itself with billowing smoke and violent eruptions of effluent in the sea hundreds of feet below — into a string of working class villages, the rows of terraced houses unrelied by the comforting homogeneity of tourism. No welcoming signs offered bed and breakfast or bar meals; these are enclosed, hard places. A man working on his allotment next to the River Ehen confided: "It took a long time to put down roots. For 10 years after I moved here I was desperately unhappy."

From the village of Cleator and over the rounded hill of Dent one descends into the hidden valley of Nannycatch. Its steep sides threaded by a stream which leads into Ennerdale, the gateway to the grandeur of the Lake District.

■ Ennerdale Bridge to Rothwaite, 14 miles.

From the farm where I had lodged for the night I skirted the lake, so still that it might have been newly-laid that morning. Walkers emerged from tents along the way which leads into Ennerdale forest. I escaped the pained whine of an industrial saw only when I climbed up to the falls, drinking most of my meagre water-supply in the sun's glare on a saddle of land just below the peak of Great Gable.

After lunch I scrambled down the scree of Aaron's Slack to sleep in the afternoon sun by Sty Head Tarn. My little toes were starting to ache, my mouth was parched, my pack felt every pound of its 40lb weight. The pains grew in step with my anticipation of a cup of tea at the cafe at Seathwaite farm. At the bottom I found walker's nightmare No. 1: the cafe was closed.

■ Rothwaite to Patterdale, 17½ miles.

I breakfasted in my guest house with Noel, 70 years old, disabled by a stroke, passionately jealous of my ability to walk. He is one of a generation for whom rambling in hills is not just walking but a joyous



release from urban entrapment.

Beyond the cloud which hung on the floor of Langstrathdale I clambered up to the lip of Green Up Edge. It proved to be walker's nightmare No. 2: a series of plausible false horizons, each beckoning as the end of the climb, each disappointing, until a flat stretch of ground opened out on to a view of the easy descent to Grasmere.

A steady ascent from the tourist village where the poet William Wordsworth lived led to Grisedale Tarn; it provided, in blazing sun, a collective swimming pool below the mighty bulk of the mountain Helvellyn. Here three public school boys were upstaged by a working-class lad — after taking the plunge he announced to the hillside thronged with walkers: "It's a good job I'm wearing my thermal jock-strap."

Walker's nightmare No. 3 passed me on the long descent to Patterdale: a 60-something fell runner with enough breath to give me a cheery greeting as he swept past for his evening run up to the tarn and back.

■ Shop to Kirkby Stephen, 22 miles.

The magic spray seemed to have

restored some spring to my legs as I crossed the M6 motorway and headed over the rolling limestone hills into the delightful village of Orton. A stunning traverse along an escarpment showed the way to Kirkby Stephen, but after 16 miles my legs began to collapse, my knees grinding like unoled gears beneath the weight of my rucksack.

■ Kirkby Stephen to Keld, 12½ miles.

At breakfast in the Black Bull inn the landlady fussed over two huge farmers who had driven overnight from Devon to buy sheep at the town market that day. Between massive mouthfuls they complained bitterly about the depths to which sheep prices had fallen.

The walking was becoming more painful. As I entered Keld, a tiny village at the head of the Swale, my walking style was that of a human beetle. But I had reached half-way.

Martin and Olwyn, owners of my bed and breakfast stop for the night, had previously run a pub in Basington but had fallen foul of recession. Now they virtually spit at the mention of the town's name. I

admitted — sheepishly — that Basington was my home town.

■ Keld to Reeth, 11½ miles.

I was driven back to Keld to rejoin the path. It was flat, easy walking beside the Swale, part of the route followed the old Corpse Way, along which mourners used to carry the dead from churchless Keld, to be buried at Reeth.

That evening in the King's Arms in Reeth all the walkers on the coast to coast route gathered spontaneously — accountants, builders, library clerks — to exchange tales of woe, anecdotes and horror stories about blisters.

■ Reeth to Bolton-on-Swale, 16 miles.

After a hearty breakfast I found it easy to walk the 10 gentle miles to Richmond by luncheon, following the banks of the Swale until gentle climbs took me into the town's narrow streets and alleyways. Richmond stands at the mouth of the Yorkshire dales as they open out on to the flat expanse of the Vale of Mowbray. Beyond Richmond the Swale is despoiled, polluted, dirty, dank. Along one stretch I spied a

man about his Sunday afternoon pleasure, violently wielding a huge spade above a rabbit hole, ready to smash the skull of the stricken animal as it was driven out by ferrets.

■ Bolton on Swale to Ingleby Cross, 19 miles.

I breakfasted with a criminal court judge from Portland, Oregon, who revelled in recounting the tale of how his boss had had his \$60,000 sports car stolen at knife point.

After about two miles walking I met Derek and Edith, part of a seven-strong team from Northamptonshire police, doing the cross-coast walk for charity. They said they were disillusioned with what they saw as the de-professionalisation of police work, and planned to start their own business photographing weddings.

That afternoon, ploughing across the Vale's flat broad acres, came the first rain of the walk, which accompanied me into Ingleby Cross. I had nowhere to stay, but on hearing this the woman running the Post Office put me up in her spare room. ■ Ingleby Cross to Clay Bank Top, 12½ miles.

A beautiful undulating walk in crisp air and sharp sun took me along a ridge of the Cleveland Hills, broken by granite outcrops, with clear views up to the chemical and steel plants of Redcar and Middlesbrough to the north.

It was so exhilarating that at the day's end I gladly walked an extra two miles to my stopping place, a farm B&B run by a resourceful woman who told me that she was the first woman priest in the north-east of England. The farm was started in 1938 by the lady vicar's father, who sat in the living room, paralysed by a stroke. He asked me to tell him when the Second World War was, as if he were finding out for the first time.

■ Clay Bank Top to Glaisdale, 18½ miles.

Urra Moor was covered in mist and blown by driving rain. Utterly alone, I set my face into the wind as if to cleanse myself. After four miles, I reached Bloworth Crossing. Headlights emerged out of the mist. At first I thought it was an army convoy on manoeuvres, but it turned out to be a column of 16 vehicles in a shooting party. Later, a helicopter swooped over to deliver the host, Rocco Forte, the leisure industries millionaire.

A comfortable walk along the long-disused track of the old Rose Dale iron mine railway led me to the famous Lion Inn at Blakey, windswept and alone on the moor. The police team arrived, disorganized: one was very ill and two failed to make it because they had got so drunk the night before.

■ Glaisdale to Robin Hood's Bay, 19 miles.

I stretched out the last day of my walk for as long as possible. I chatted to a local farmer, who pointed out how years of drought were killing the trees and hedges. I gazed at the giant "golf ball" buildings of Fylingdales, an early warning system against nuclear attack made defunct by the collapse of the Soviet Union. And finally I ambled down Eskdale, across the moors and along the cliff-tops into the fishing village of Robin Hood's Bay, where I joined a stream of smiling walkers soaking their feet in the sea.

My journey — almost 200 miles — was over. As I rested, six men ran down to the sea at a pace which I could not have maintained for more than 20 minutes. The walk had taken me 15 days — they had run it in six. It did not matter: I was content to feel that I knew at least one path through England.

## Minding Your Own Business

## Pin-stripe acupuncturist

*Heather Farmbrough meets a private-sector physiotherapist*

**I**N HIS pin-striped trousers, plain shirt and tie, Tony Monkcom looks more like a City dealer than an acupuncturist or physiotherapist.

He and his wife Alison (also a chartered physiotherapist) own and run the Kingston Clinic of Physiotherapy and Complementary Therapies, offering both conventional and "alternative" therapies. In spite of their keen interest in complementary medicine, making a profit matters as much as making people better.

Indeed, the clinic has made a profit each year since it opened — but it had been six years of careful saving and late-night book-keeping sessions. Like many physios, Tony supplemented his income by treating a few patients privately after he qualified as a chartered physiotherapist in 1980. Using his fees, he spent \$900 on an ultrasound machine — to treat soft tissue injuries to muscles, ligaments and tendons.

While working in hospitals in Windsor and Ascot, he became interested in acupuncture after observing that some problems, such as acute low back and neck pain, migraine headaches, sinusitis and certain forms of arthritis, did not respond to conventional treatments. After a two year part-time training course, he qualified as an acupuncturist in 1987.

He had continued to treat private patients in the evenings. But the local council refused him permission to use his home as a surgery on the grounds that car parking would be a problem.

So Tony moved to Kingston, where he bought an Edwardian three-bedroomed semi-detached house with a large reception room he could use as a treatment room. In a new area he had to start building a reputation all over again.

He visited all the local businesses and shops, and wrote to all the local GPs and dentists. But it was only after he had visited a number of general practice managers that local doctors started to refer patients to him for physiotherapy.

Tony meticulously followed up every patient's first consultation with a letter to their GP, whether or not they had been referred. "I had to build up a reputation quickly," he says. "I knew I had to get people better fast."

To compete with other private practitioners, he needed good, up-to-date medical equipment. But he had to buy it gradually, and has always, except for the mortgage on his house, refused to borrow. His most expensive items have been a £2,000 differential therapy machine (treatment with heat like pins and needles, and transmits an electronic frequency to relieve problems with joints, low back pain, or tennis elbow), and an £8,500 laser machine (which treats damaged tissues with a concentrated light beam). Altogether, he has spent nearly £22,050 on medical equipment, furniture and word processing software and hardware.

After a couple of years he wanted to expand his client base and began to offer



At the sharp end: Tony Monkcom went from NHS to private

acupuncture, and then complex homeopathy, which combines a number of low potency homeopathic and herbal remedies.

"I send a lot of people to the Kingston clinic because Tony Monkcom is a good clinician in his own right and can offer a wide range of therapies," says a local GP. "I don't see it as an alternative to the NHS because the NHS can't offer that range of choice."

In 1987, Alison moved in and became the practice manager, and Tony took on two part-time physiotherapists. A podiatrist — a chiropodist who specializes in lower limb and foot problems — runs a clinic one afternoon a week. This has increased the number of clients — and clinic revenue — but it has created other pressures, too.

"The headaches start when you employ other people," says Tony. "When you treat people yourself, it's important to be a good practitioner. When you employ others, you have to be a good manager as well."

Some 60 per cent of clients come through referrals from GPs and consultants; a similar proportion use private health insurance schemes to pay for acupuncture and physiotherapy. The waiting time for appointments is usually a week, sometimes 10 days; at local hospitals the

waiting time for non-emergency treatments can vary from two to 12 weeks.

There are currently some 2,000 to 3,000 patients on the books. This May, Tony took out a five-year lease and moved the clinic to a 750 square foot bungalow at Ham Common which now houses just the practice. This has allowed him to add a couple of treatment and to separate home from work. He intends to start marketing the clinic with a series of talks for local GPs and consultants: the goal is to build a network of practices.

The Monkcoms are conscious that private patients expect good service. They try not to let patients wait more than five minutes for appointments, and patients are never called by their first names. Medications are dispensed speedily.

By staying away from the more extreme fringes of alternative medicine, the clinic has avoided a "crank" reputation and stayed on good terms with local doctors. What counts, ultimately, is the ability to make patients better. The Kingston clinic certainly cured my tennis elbow last summer.

■ *Kingston Clinic of Physiotherapy and Complementary Therapies, 39 Ham Common, Ham, Surrey TW10 7JG. Tel: 081 322 2246*

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## PROPERTY

# There's more to Surrey than suburbs

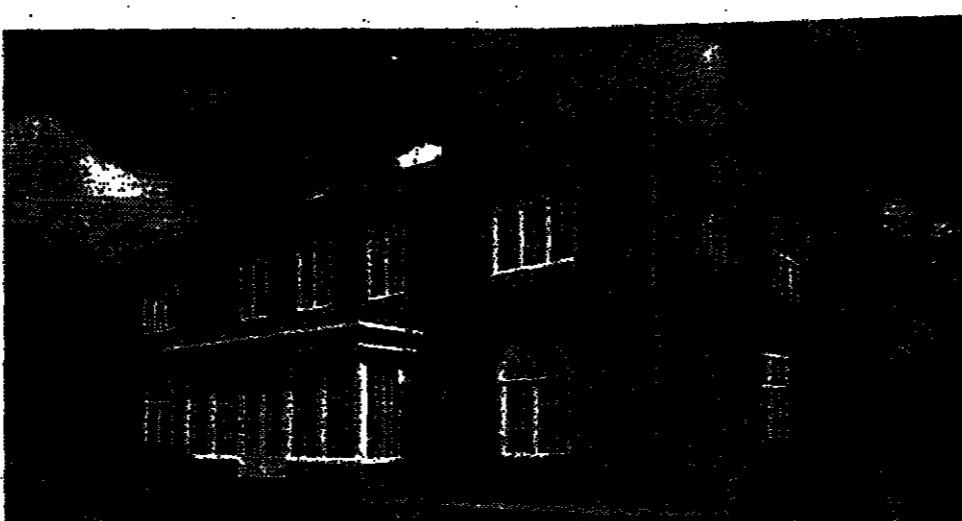
**David Hoppit finds signs of recovery in 'commuter county'**

**S**PRING WAS a little late this year in Surrey, the southern England county of the London commuter. The daffodils may have bloomed on time, but the housing market buds were two months late, delayed not a little by the UK general election. That, at least, is the impression of Ken Cook, of Hamptons Messenger May, in Guildford. However, he now believes that the market has picked up to such an extent that the customary summer lull may not occur.

Surrey is full of surprises. Striding or riding along the North Downs, high above valleys and secret villages, it is easy to forget that suburbia reposes below. Some 6,000 listed buildings, approached by private drives, hide behind high beech hedges and rhododendrons.

When William Cobbett, author of *Rural Rides*, travelled through Betchworth, Brockham and Dorking in October 1825 he wrote: "There are few prettier rides in England, and the weather was beautifully fine". The comment about the weather was well-founded; there is just enough rain (25 in annually, on average) to stop the rhododendrons and hydrangeas wilting, but not enough to spoil the bowls, tennis and golf that abound in Surrey. Gardeners delight in the fertile soil, even though they may never aspire to the standards of the 300-acre Royal Horticultural Society gardens at Wisley.

The village of Brockham remains a pleasant corner of the county; the green, on which W.G. Grace, the legendary cricketer, amassed some of his 54,000 runs, is little changed, but common sense and the car demanded wider boundaries, so a fine new cricket field has been allocated. Brockham's charm lies in its



**Surrey style:** The Square House at Hindhead is offered for about £325,000

whole; as with many Surrey villages there is no outstanding single building — even the mortar and chalk "clunch" church is no more than a fair example of the Victorian period, the mortar being scarcely dry when the good doctor was smiting leather with willow.

Close to the new cricket square, Fairbairn Homes is adding considerably to the number of homes in Brockham at its Middle Green development. Prices range from £93,450 for a two-bedroom flat up to £275,000 for a five-bed-

room detached house.

Surrey is often a barometer for the UK property market. There is something for most pockets, but in spite of the recession this is still stockbroker territory. Those who have really made it tend to head for St George's Hill, a 1,000-acre estate of 365 grand houses on a ridge 200 ft above sea level.

Surrey is truly the land of the commuter; in spite of redundancies in the past 18 months, leading to a fall of nearly 10 per cent in the number of journeys, some 160,000 still travel by rail to London

**SURREY AT A GLANCE**

Area: 648 square miles. Population: 1,002,500. Community charges: lowest (Runnymede) £228; highest (Epsom) £331. Access to countryside: 2,200 miles of footpaths and bridleways, including North Downs Way.

Unemployment: 27,611, a rise of more than 11,000 in a year, but around 7 per cent, still one of the lowest in the UK.

Administration centre: County Hall, Kingston-upon-Thames. (081-541-8800)

Sample towns, with distance from London, fastest travel time by rail, annual rail fare (1st class in brackets) and house price, including Hamble Countrywide:

Key: 1 = 2 bed terrace; 2 = 3 bed semi; 3 = 4 bed detached; 4 = country house with paddock.

Camberley: 35 miles; 68 mins (change at Ascot): £1,784 (£2,540); 1. £20,000; 2. £27,000; 3. £110,000; 4. £275,000.

Epsom: 20 miles; 31 mins; £1,088 (no 1st); 2. £57,500; 2. £87,500; 3. £165,000; 4. £250,000.

Weybridge: 19 miles; 34 mins; £1,282 (£1,896); 1. £75,000; 2. £90,000; 3. £190,000; 4. £300,000.

Redhill: 21 miles; 35 mins; £1,388 (£2,052); 1. £88,000; 2. £90,000; 3. £130,000; 4. £275,000.

Brockham's charm lies in its

charm of Surrey hides in its villages, many approached by lanes beneath an enveloping canopy of trees, for in spite of losing nearly 2m trees in the 1987 hurricane this is an unbroken county.

There are contrasts, of course. One of the most charming villages is Shere, with its "Silent Pool" where it is said King John frightened to death a maiden who was bathing there. Nearby is Box Hill, one of England's favourite picnic spots. A five mile bridleway links the hill with Epsom Downs, scene of the world-fa-

vorite horse race.

The Square House at Hindhead sounds more of a snap at £325,000, the price suggested by agent John D. Wood. The house was built in 1926 and has six bedrooms, 2.5 acres and a proper pantry and wine store.

The agent originally sold the house to the late owner 22 years ago, and in her will she requested that it acted as

trustee.

## COUNTRY PROPERTY

# Ring of murky water

**David Hoppit on the attractions of moated houses**

**T**HEY were more aesthetic than defensive; even so, the moats that formed a ring of murky water round country houses in East Anglia certainly kept out all but the most determined villain.

Essex has more moats than any other UK county — at least 1,000. It seems that the yeoman farmers of that county a few centuries ago were as status-oriented as Essex men today.

The purpose of the moat remains something of a mystery. Certainly the labourers who toiled to dig them would have given a week's supply of mead for the loan of a modern JCB. At castles such as Leeds, near Maidstone in Kent, the moat was entirely defensive; but by the time the 15th century moat was dry at places such as Wingfield Castle, in Suffolk, military strategy had made the water virtually obsolete.

So why were the moats built? Certainly they helped to guide visitors to the correct entrance; they also kept farm and wild animals in their place — a sort of liquid ha-ha.

The water was a source of food in hard times, carp and pike being popular in those days; and was useful in the event of fire. Rainwater (and goodness knows what else) was drained into the moat.

Still up in the price stratosphere is Crooksbury House,

near Farham, which was the first country house designed by Sir Edwin Lutyens. The house, valued at around £1.25m by Ayleford, was built by the famous architect in 1890 and extended eight years later. It is largely unchanged, but someone wanting to update the interior could live in one of the immaculate cottages within the 15 acre grounds, says the agent.

The Square House at Hindhead sounds more of a snap at £325,000, the price suggested by agent John D. Wood. The house was built in 1926 and has six bedrooms, 2.5 acres and a proper pantry and wine store.

The agent originally sold the house to the late owner 22 years ago, and in her will she requested that it acted as

trustee symbol — the medieval equivalent of a Porsche in the drive. People strove to build bigger ones than their neighbours. All sizes appeared. But when does a moat cease to be a moat? When it is less than five metres in diameter, apparently, it is a ditch.

It may be that the soil dug from the moat was used to raise the foundation level of the house, and certainly in some cases the clay dug from it would have been used to make the bricks for the building; bricks were often made *in situ*.

That is possibly a reason for the existence of the moat at The Kingston Wood Estate, a beautiful manor house close to Cambridge, with a red-brick Queen Anne facade and a most unusual limed oak panel front door. The moat encloses more than three-quarters of the immaculate gardens.

Kingston Wood is the 1,100 acre home of Sir Alexander and Lady Reid, who have spent nearly 30 years lovingly developing the garden. They are moving north and so the property is being offered by Bidwells (0223-841841). The whole estate in several lots is expected to sell for £2.75m but the house and 200 acres (plus the moat) can be had for £1.3m.

The house, its ground floor walls nearly one metre thick in places, is a tangible history of

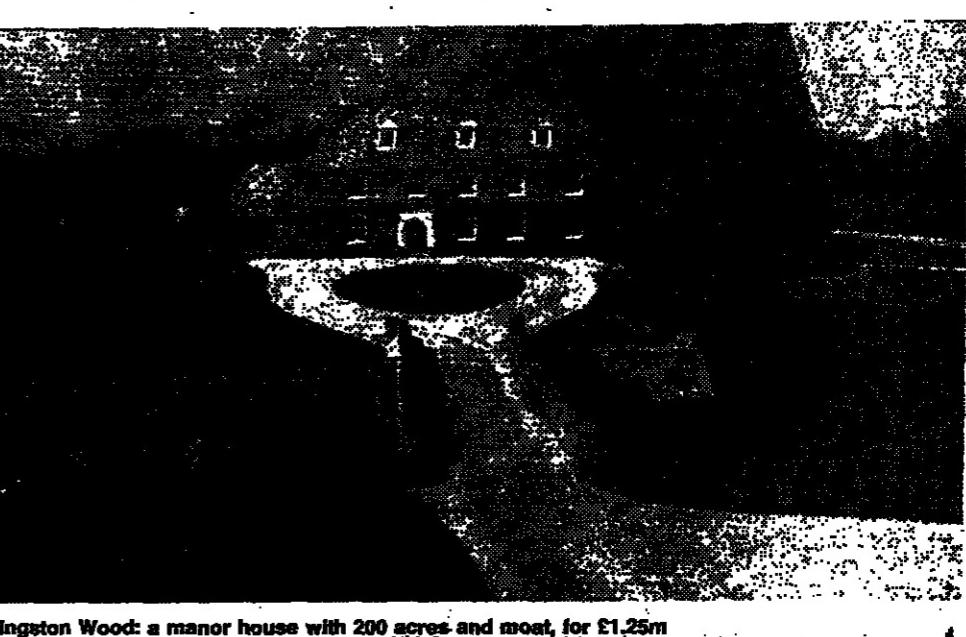
English architecture; the entire roof was raised about one metre at some stage. The present structure dates from the late 15th century.

There is a fine moat at the aptly named Moat Farm at Dallinghoo, close to Woodbridge, in Suffolk. The 16th century timber farmhouse, with five bedrooms and 13 acres of orchards and paddocks, is being offered by Strutt and Parker (071-629-7282) for £265,000.

The same agent is selling Old Hall Farm in Huntingdon, close to Chester, with moated gardens plus frontage to the River Cam. For the past three years the property has been run as a rare breeds and craft centre. Old Hall is offered for sale now, lock, stock, hamsters and Peruvian Yacatan pigs for £265,000.

Still on the subject of water, Bidwells is offering The Old Rectory which is on the River Cam at Fen Ditton, near Cambridge, and enjoys a front stalls view of the college bumps races every June.

This is a large but friendly house that has evolved over the centuries and has nearly every type of window. The largest part of the house is of Queen Anne origin. The property sits on the prehistoric Fleam Dyke, the fortified boundary of the fens. A price guide of £650,000 is suggested.



**Kingston Wood:** a manor house with 200 acres and moat, for £1.3m

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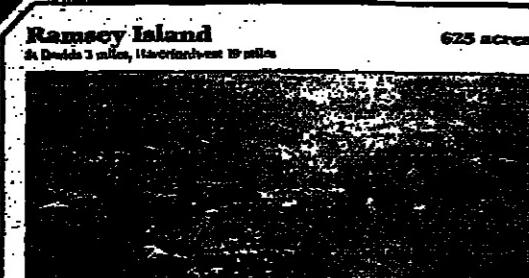
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## COUNTRY PROPERTY

# Humberts

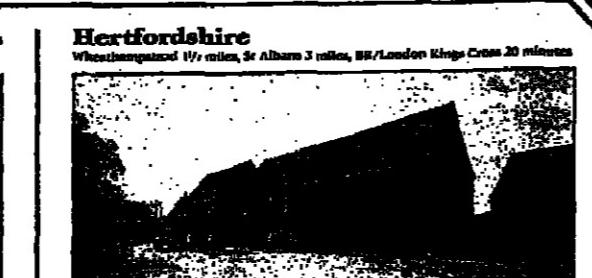
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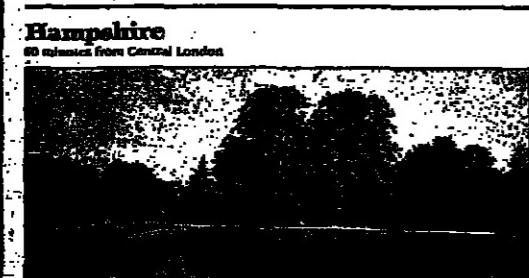
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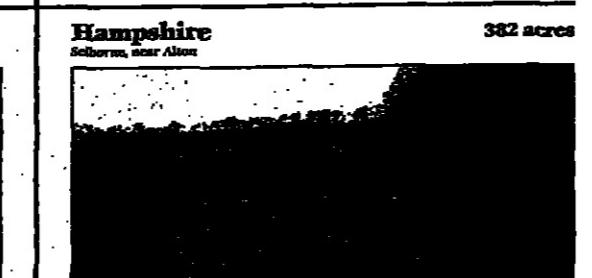
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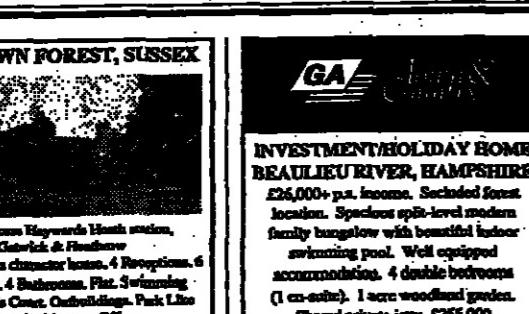
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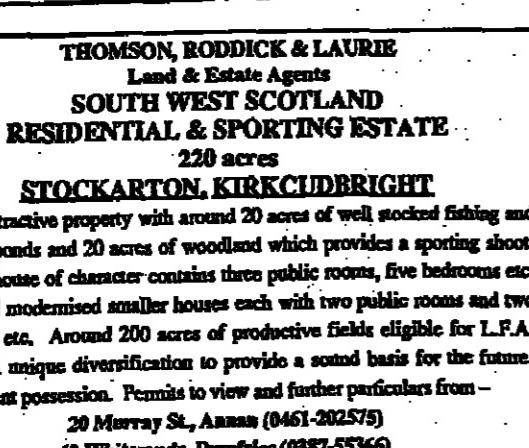
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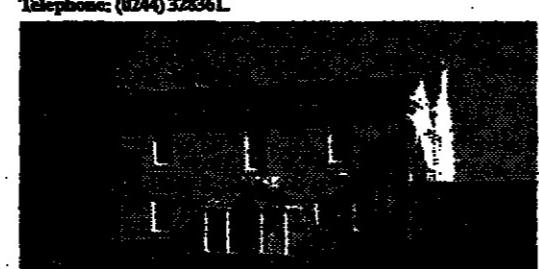
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## GARDENING

IT IS an extraordinary season and its wonderful strangeness has not been lost on the Sussex Old Rectory, to which Julian and Veronica Sloane-Wally emigrated from Onslow Gardens in 1986.

Since then the property-market has gone wildy up and now wildly down, narrowing the former Sussex-to-London gap. None the less, there are no thoughts of returning, because the garden is coming on stream. Five years is the span which a newly-planted garden needs in order to begin to show its mettle. This weekend, the Sloane-Wallys are entertaining friends in a big way, but there is a slight unease between them as they look at the fruits of their past years' experience. It goes beyond the usual ups and downs of mistakes and difficult seasons.

It is not just that the entire garden, like yours or mine, may well be over for the year by Sunday. All week, Veronica has been praying that the old-fashioned rose borders will not have dropped their petals

by 6pm on Saturday, even Julian found himself dead-heading the pink delphiniums on Wednesday after work. Magenta geraniums are fading with the first flush of flower on the purple primulas, and the tassels of Love-Lies-Bleeding are already tumbling from the terracotta pots which Julian recently bought.

For Love-Lies-Bleeding is not quite the emblem of the enterprise, but as the five years have passed, a clear rift has developed between the two partners' styles. Histories of gardening have much to say about the great English gardens which have resulted from husband-and-wife partnerships, but they have less to say about those which emerge when he and she disagree.

Julian has held firm to his taste for boldness, order and formality; this weekend, he is particularly proud of the walk of upright Bellaria apple-trees, which he bought for the lower lawn when they first appeared at Chatsworth. Veronica, however, has wavered.

At first, she thought she wanted controlled planting in formal beds, packed together tightly so that none of it flopped. In the last two years, she has changed course and now has fastened on to the natural look. Wild flowers keep company with purples and stale yellows as a breath of hedgegrown in the garden. There are no weed-killers in her ecological Eden, although the white Ox-eye daisies have driven out everything else which she raised from the famous Farmers Night-

mare seed-mixture, pioneered by Miriam Rothschild.

On late summer evenings, Julian longs to root out the jungle of white-flowered Feverfew which has been allowed to seed into Little Sisyphe, the all-white garden which they started together, adding only a touch of purple foliage. When Veronica caught him with a killaspray in the twilight, the two of them realised that a garden can become grounds for divorce. Since then, separate spheres have been the answer. Half of the garden is trimmed, edged and given over to Julian's growing taste for clipped hedges. The other half has meadow planting in which wetch twines among Evening Primrose and white-flowered Lavatera Barnsley. Gardens should breed unity, not

division, but what really alarms Julian is that this taste for the hedgegrown has spread to the cookings. No weekend seems safe, nowadays, from one of Veronica's forays for food from the wild; they have had nettle soup,andelion salad, and she seems to believe everything she reads in Richard Mabey's old best-seller, *Food for Free*. The trouble has been compounded by a reunion with her old friend, Tiffany. She asked Veronica up for one of her fund-raising evenings for the Maudsley Hospital, but for once Veronica did not return overwhelmed with nostalgia for her old Chelsea comfort-area. Instead, she returned with a new zest and plans to make ice-creams from the worst weeds in the English hedgegrown.

According to Tiffany, who is very

conscious of the planet's future, this last week in June is the golden moment for an ice sorbet, the ingredients of which can be gathered free from any hedgegrown in England.

All you need are 15 to 20 heads of fully-opened flowers of an elder bush, preferably gathered on a sunny day when they are most strongly scented. Veronica swears by a Joceline Dimbleby recipe. It involves buying a pound of gooseberries, topping and tailing them, heating them up with the elder flowers, a spoonful of lemon juice and water, and then letting this mixture cool. Next, you should add two-thirds of a pint of cream, whipped until stiff but not thick; mix the cream into the syrupy mixture and let the whole thing cool for

several hours in a freezer. To Veronica's eye, the hedgegrown this weekend are a foaming mass of greenish-yellow potential ice-cream, being ignored by the British public, who go shopping for highly-priced raspberries instead. To Julian, there is now a threat of elder among his clipped walks of purple lilacs; dinner parties, this weekend, have a definite air of tension.

On a trial run, the elder flower ice-cream turned out very oddly. This weekend, Julian is trying to ease tension with a simpler alternative from his days of bachelor cooking.

What country people knew yesterday Sloane-Wallys recycle for today's weekend, and so Veronica and Julian find themselves arguing about how best to make a pudding out of a plant which, five years ago, they were poisoning to death with SBK. First, it was the design; now it is the cooking. Gardening is not a bad of roses, and once the hedgegrown look intrudes, there is nothing – not even a sorbet – at which its converts will not stop.

## Geraniums improve their status

HARDY geraniums have increased quite remarkably in public favour over the past few years. It seems only a short time ago that they were regarded widely as second-class herbaceous perennials and rock plants, useful for their reliability and for the good ground-covering qualities of some varieties but attracting scarcely any special attention.

Now, it is quite different. There are four national collections of geraniums, the largest in the lovely garden that Marjorie Fish made at East Lambrook Manor, South Petherton, Somerset. This has been maintained by Andrew Norton and his wife, who have enlarged the nursery which has been attached to the garden for many years. Their collection has 250 species and garden varieties.

This is 100 more than the second-largest, which belongs to Rosemary Lee at Coombe Leys, Coneyhurst, Billingshurst, West Sussex. She also runs a nursery, but that is open by appointment only. There are plenty of other nurseries, both specialist and general, that hold good stocks of geraniums and they seem to be increasing all the time as

demand grows.

Hardy geraniums are related to pelargoniums, much used in conservatories and for summer bedding outdoors. They are common, but wrongly, called geraniums; pelargoniums are not hardy. A few geraniums are genuine native plants. Some have been introduced to gardens and have produced useful varieties which have been given distinguishing names. There are also a number of species, introduced from other countries, that have fitted British conditions so well that they have jumped the garden fence and established themselves in the wild.

One of these is G. sanguineum, which grows wild on sand dunes where it makes prostrate carpets of dark green, deeply-divided leaves studded with magenta flowers. It is a fine plant in its own right although rather a harsh colour, but in gardens it has produced several varieties, including one named Lancashire which is a delicate pink. Another, less prostrate variety, with bright pink flowers, is called Shepherd's Warning. All these are small enough to be planted in rock gardens, or they can be used as edgings to borders where they can be kept under control easily.

Very different is G. macrorhizum, a foot-high rambler with clamy, aromatic leaves and clusters of small pink flowers which vary quite a lot in shade. The best, I think, is Ingwersen's Variety, and it is widely available. The leaves turn bronzy-red in the autumn – and it leaves all year, so that it makes excellent ground cover. Although it spreads rapidly, it can be pulled out very easily if it strays too far and it is one of the easiest plants to increase after the flowers fade.

Another fine native species is the Meadow Cranesbill, G. pratense. In the wild it is always found on chalk or limestone; in the garden it does not seem to mind if the soil is alkaline or moderately acid. It is 2 ft or more in height with deeply-divided, very attractive leaves and loose sprays of violet-blue flowers. But the colour is variable, and I have grown one with pearl-grey flowers, which I find very attractive.

Johnson's Blue is much like G. pratense but is, in fact, a seedling from it, probably pollinated accidentally from another species. The flowers are a particularly fine deep violet-blue, but there is obviously some confusion about this variety as, in trying to buy plants of it, I have collected three quite different things from different nurseries.

Cranesbill is a popular name that can be used for all the hardy geraniums. It refers to the seed vessels, which are long and pointed like a beak. They remain decorative long after the flowers fade.

There are several middle-height geraniums for the centre of the border. Two of the best are G. ibericum and G. magnificum, but I find them so alike that I actually cannot be sure of the difference. Both have deeply divided leaves and large, violet-blue flowers.

G. himalaicum is a little shorter and also has large violet-blue flowers, but with a deeper centre. There is an excellent double-flowered variety of this, G. renardii is worth growing for its foliage which is rounded, deeply-veined and sage-green. The flower colour is off-white with purple veining.

Two eye-catchers that can reach 3 ft are G. phaeum which, in its most popular form, has very deep maroon flowers and is known as Mourning Widow, and G. pal-

lotstemone, which is a gay magenta with a darker centre. G. endressii is a cheerful rambler which makes ideal ground cover up to 18 inches thick and is covered for much of the summer with rather small, clear pink flowers.

The best form for colour is Wargrave. Like G. macrorhizum, it is pulled out readily if it strays too far and it is one of the easiest plants to increase by division.

For the rock garden, or for

growing on a dry wall made with plenty of soil in place of mortar, several varieties of G. cinereum are ideal. These have grey-green leaves, greyer in some varieties than others. The best forms, all called subcaulescens, have abundant magenta flowers.

If you want the very brightest of the lot, look for the additional name Splendens. This really is a splendid plant for establishing on a grey stone wall. Look also for Ballerina, which has grey leaves and pale lilac, purple-veined flowers.

Yet another pretty, creeping kind is G. Buxton's Blue, the which has light blue flowers with white centres. Unfortunately, this is one of the very few that can be a little difficult to grow, and it should be put in a place where the drainage is

first class.

**Plant of the Week**  
*Philadelphus Belle Etoile*

This is one of the numerous garden varieties of Mock Orange which vary greatly in height, size of flower and the number of petals per bloom, and also in fragrance. Belle Etoile is deliciously scented and throws its perfume a long way. The flowers are single, pure white with a small purple blotch in the centre, and are carried freely in good clusters. It averages 5 feet in height and a little more in diameter but can be kept smaller by pruning immediately after flowering when the old flowering stems can be cut out but the new growth retained or, at most, thinned a little. Other notably good varieties in this group are Beauchamp, Manette d'hermine, Sybille, all with single flowers, and Virginal, with double flowers. AH

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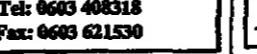


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## SPORT

# Snapshots from a week of action

*John Barrett picks the highlights from five Wimbledon days packed with exciting matches*

**T**HE EVENTS of a busy first week at Wimbledon flash past the mind's eye like the pages of a flicker-book.

Dan Maskell, the BBC's voice of Wimbledon since 1951, who has not missed a day at the championships since 1958, is presented with a silver salver to mark his retirement by the Duke and Duchess of Kent...

Two British wild cards, Mark Petchey and Chris Wilkinson, score victories on the busiest-ever opening day when 65 matches are completed in the sunshine... the courts are drier than usual and look magnificent, though Pat Cash claims the grass is longer and the balls softer. "Rubbish," says the All England Club... Jeremy Bates defeats the No 7 seed, Michael Chang, on the second day when another 50 matches are played...

Andre Agassi looks like a pony with his long bleached mane poking out through the back of his white cap... his match against the Russian Andrei Chesnokov is a tremendous affair of fierce baseline driving. But wait a minute. What is this... 12-stroke rallies on grass? surely not... the match is left unfinished overnight as the first rain falls... the American's bright halo is tarnished when he swears at an official and is fined \$150 (\$210) undismayed, he advances to the third round...

There are players from 25 countries in the men's draw, 25 of whom are American. The same influence can be seen in the women's field where there are 28 Americans among players from 29 countries. After requesting stateless status, Monica Seles agrees to be a Yugoslav after all and opens her campaign with a virtually grunty win over Jenny Byrne of Australia...

Shirlie-Ann Stoddart and Amanda Grunfeld are the only British women to survive the first round... predictably, they lose in the second... the drug testing programme - or lack of one - is discussed... who is Anna Bolic anyway?

Julie Hosaluk, of France, causes the first ripple by knocking out the No 4 seed, Arantxa Sanchez-Vicario of Spain, who now turns her mind to dreams of Olympic gold... a second women's seed falls as the tiny Japanese lady, Kimiko Date (15) is beaten by America's Gigi Fernandez...

Martina Navratilova, chasing a tenth singles title, loses a set to the American teenager Kimberley Po. And the match is halved overnight by bad light... she survives the next day... "I watched the BBC highlights programme last night and saw what I was doing wrong," says Martina...

The heavies all sail serenely through the first round - Courier...

Edberg, Stich and Becker - without raising a bow wave, but Landi ploughs through stormier waters against Becker's German team-mate Kuhnen... in the second round the powerful young gunslingers, too, are finding their range, Croatia's Goran Ivanisevic firing 34 aces against Australia's Mark Woodforde, while the Australian's partner, Todd Woodbridge, is mown down by America's Pete Sampras...

Richard Krajicek thunders down his cannons from a great height against the bewildered Dutchman

*Andre Agassi looks like a pony with his long bleached mane poking out through his cap*

Paul Haarhuis, and Volkov of the CIS fires his swerving, left-handed aces with blinding pace to baffle the Czech Stankovic... Son of Fred, otherwise Sandon Stolle of Australia, bows down some huge deliveries in ending the run of Englishman Chris Wilkinson...

By Wednesday night the referee, Alan Mills, is smiling. Last year the first four rainy days had yielded only 52 results; this time he has completed a record 200 matches in three days, one more than the previous high in 1984... the decision to start all matches on the outside courts at noon has been a success, but will there be enough matches left to satisfy the spectators with ground passes only? Yes, says the referee - plus an opportunity to rest one of the courts each day...

The pace quickens on Thursday, with treachery on Court 13 as Czech No 1, beats the 15th seed, Petr Korda, the Czech No 1, in a five-set match that contained a 30-game final set... Becker, looking distinctly worried, is caught at two sets all by another Czech, the unknown Martin Damm, ranked 116, and wonders if he will be able to reach the final for the seventh time in eight years. "I'd never seen this guy before... at 2 sets all, this guy before... at 2 sets all, you start to worry..."

A third women's seed goes out as Natalia Zvereva downs the No 2 Spaniard Conchita Martinez, who, like Sanchez-Vicario, must now look to the Olympics for consolation. Clearly, it is not the best of years for the Sanchez family. Emilio had lost in the opening round to Volkov and now out goes brother Javier to the British No 1, Jeremy Bates, who is entering the third round for only the second time since 1987...

Life as a national hero is proving a burden to the 30-year-old Bates... "I'm sitting at home on the telephone at lunch and I have four

press people in the front garden... I'm astonished at the reaction... I simply won a match..."

Sudden Wimbledon catches fire as two former champions, both unseeded, battle for four hours on the Centre Court. The American left-hander John McEnroe, the champion in 1981, 1983 and 1984 and already discussing possible retirement, plays the 1987 champion, Pat Cash. The Australian is a part-time player these days, having competed in only three tournaments this year, and is into rock music. His guests for the day are Ronnie Wood of the Rolling Stones and Jimmy White. Like the defeated snooker finalist, Cash should have won - could have won, anyway, in four sets...

But McEnroe, encouraged by coach Larry Stefanki to take the ball early and trust his own reflexes to find those impossible angles on service return, is inspired... his instant reactions on the volley against Cash's fierce drives are miraculously lacking match play. Cash cannot convert his chances... to a standing ovation the pair leave the court with McEnroe the victor 6-7 6-4 6-3 6-3...

It has been one of those special Wimbledon moments, and expectations for a repeat performance today - "People's Day," when 2,000 Centre Court seats will be available at reduced prices to the overnight fans - are understandably high.



Aiming for the top: Jeremy Bates who reached the third round this week

**T**O THOSE who care about such matters, Tom Kite's victory in the US Open last Sunday maintained the scheme of things. If the weather had remained as overcast and windless as it had been for the first three days, then we might now be saluting Gill Morgan or Jeff Sluman. Morgan and Sluman are fine but not outstanding players; Pebble Beach, an outstanding course, has always produced a champion worthy of its setting. Pebble Beach has staged three US Opens, won by Jack Nicklaus, Tom Watson 10 years later, and now Kite.

Kite, 42, does not diminish this category, for he has been a very good player for a very long time, long enough to have racked up nearly \$7m (£3.5m) in prize money from the US tour, more than any other golfer. He is also the professional's professional, hard-working and popular, respected by his peers and a man who has a true sense of what golf is all about.

He has competed in the Open for years, for example, realising that an ability to cope with the seaside courses in Britain is essential for someone striving to become a world golfer. Kite was one of the few Americans who came to Royal St George's in 1985, a year when many of his countrymen gave the Open a miss because they did not like what they

## Golf/John Hopkins

### Kite flies in the sea breeze

had heard about the course.

In 1972 and 1982 Nicklaus and Watson were the world's dominant golfers. Kite is not their equivalent in the 1990s, but at least he has rid himself of the tag that was beginning to drive him nuts - that of the best player never to have won a major championship.

"I really felt good about Tom

Masters. It was the year that Jack Nicklaus won for the sixth time. Kite was vying for the lead in the fourth round when he left an 8 ft putt short on the 14th green. To miss was forgivable but to leave such a putt short was not. He will never win a major championship, I thought. He has not got the heart for it.

*Kite's nerve held well enough to suggest that now he has won one major, he could win a couple more'*

Kite, Kite said. "I felt good about my career, my family. I felt so fortunate. I guess what bugged me was the only thing that people wanted to talk about was why I had never won a major. It was as if all the other things I had done did not count for anything."

When I thought of Kite and major championships I always remembered a putt I had seen him attempt in the 1986 US Open

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## SUMMER FOOD AND DRINK/HOW TO SPEND IT

come. So Weekend FT food and drink writers have been gathering information to keep party spirits flowing and lift the outdoor mood

## Drinking in the sunshine

I SPENT a terrible two days last weekend, tying myself in knots costing a summer drinks party. With a pocket-calculator in one hand and a bottle of Pimms in the other, I endeavoured to come up with the precise figure I needed to spend in order to entertain:

- 1 50 sober, responsible people;
- 2 50 not so sober, responsible people;
- 3 50 drunken, irresponsible people.

I was working on the basis of a double measure of Pimms (16 to the bottle) to about a quarter litre of lemonade plus the usual fruit and ice; enough to fill a half pint pot. In my mind's eye the first group would drink about a litre and (with a few edibles thrown in) would set me back roughly £200. Having arrived at this figure I decided that the next two could be arrived at arithmetically: £250 and £300 respectively. In the last instance the guests would receive two litres each. Given the presence of a few sober people and drivers this would mean that some people would get really drunk.

Then I spoke to Valli Watson at Party Professionals, and she told me I was mad. The party, she said, would cost about £130: "Nobody could drink more than three-quarters of a litre of Pimms." I put down my pocket calculator in despair.

That left me with a glass of Pimms and some reflections on the Englishman's summer drink. Pimms has changed rather a lot recently. For a start it has moved to Scotland, and the gin base for the more popular No 1 Cup is also Scottish distilled.

The alcohol content appears to have been lowered from 30 per cent to 25 per cent, meaning that the old trick of adding a slug has become a practical necessity (Valli tells me to add spirit to the first round and produce weaker drinks as the party goes on).

There used to be six cups; latterly there were three; now

there are two, and the vodka-based No 6 is increasingly difficult to find. I only tracked it down to Gerry's at 74 Old Compton Street, London W1 (071-734-2053).

I marginally prefer the Vodka Cup (as it is now called) to the gin-based No 1. The No 1 is darker, and tastes of oranges and caramel. The No 6 is lighter and more lemony. It does not taste quite so sweet.

As students we used to drink a lot of Pimms and were always on the look-out for ways of ginning it up. One method was to add more gin and cider. I have seen people put champagne into Pimms but I think this is rather a waste of

**Giles MacDonogh pours himself a Pimms and plans a summer party**

champagne; especially now that prices have gone through the roof.

One alternative which appeals to me is a Maibowle: a traditional German summer punch. In Theodor Fontane's *Schach von Wuthenow* of 1882 the publisher Sandars gives the recipe specifying the use of May herbs woodruff and celadine: "Don't let them infuse for too long. Woodruff is not cannnabis tea. Mosel wine, let's say a Zeltinger or a Brausberger, pour that slowly over the herbs; that is enough. Oranges are there simply for ornament's sake... and don't make it too sweet."

Some readers might object that woodruff is hard to come by but it cannot be any more difficult than the obligatory sprig of borage which floats in the Pimms.

A suggestion from Austria is a mixture of vodka, elderberry cordial and mint. A little elderflower cordial goes a long way, diluted to one 16th strength. In Oporto the standard summer drink is slightly chilled, tawny

port; although this might seem a rather serious (and expensive) solution to the summer drinks party.

White port, however, can be turned into a long drink by using tonic water with a sprig of mint. A more English solution is a cider cup. Andre Simon's *Dictionary of Wines and Spirits* of 1958 suggests a litre of sweet cider to 75 cl of soda water, a glass of sherry, half a glass of brandy, lemon juice and peel, nutmeg, pineapple and borage. A bone dry cider such as Marydown vintage might be more suitable for modern tastes. Cider cup has the virtue of being cheap.

Now comes the problem of what, if anything, to give your guests to eat. Valli Watson was all for Kettle crisps from America; pouring scorn on my suggestion of black olives and salted nuts; which I imagined would provoke the necessary thirst required for people to want to consume large quantities of Pimms.

Another of her suggestions was ciabatta bread with aubergine dip, or rubbed with garlic and tomato and moistened with olive oil. Then she began giving me recipes for dips and my head started to swim. I think I shall simply drop in on Marks & Spencer, which does a very decent range of ready made dips for parties: good tararimata, hummus, aubergine dip and a Greek dip selection. The American-style dip tray is also good. Of course at either side of £1 apiece, these things will work out dear for 50 people. It might be better to stick to crisps.

**Information: Party Professionals, 33 Kensington Park Road, London W11. (071-221-9429).**

**Elderberry cordial is available from Thorncroft Vineyard, Highland Farm, Leatherhead, Surrey. (0878-372533).**

**Top quality white ports such as Fonseca's Siroco or Taylor's Chip Dry sell for around £9.50. The recommended retail price for Pimms No 1 or Vodka Cup is £14.19.**

The barbecues become more sophisticated as the price rises, with the most expensive models costing about £250. However, no matter what the price, the principle remains roughly the same.



## Fire, without smoke

Barbecues really do go better with gas, reports Peter Knight

although some manufacturers replace the lava rock with metal or porcelain devices that are designed to do the same job.

Most gas barbecues have a lid that turns the device into an oven. Large pieces of meat or whole chickens can be roasted with the lid down, either on a spit or on a dish. The lid can also be used to smoke the meat, by throwing aromatic wood chips on the lava rock a few minutes before serving.

British Gas sells a range of bottled gas barbecues from £25 to £400. It also offers a small range of fixed versions that are built in and connected to the gas mains. Garden centres, department stores, DIY stores and Argos also sell gas models.

A big drawback is that these barbecues are reasonably complicated bits of machinery and they have to be assembled at home like some giant Meccano set. Unless you particularly like spending time screwing bits of metal together, this can be tedious.

You will need to allow at least two to three hours to put them together. Be prepared to get very frustrated along the way and, above all, make sure you read the erratum note in the instructions.

I spent ages wondering how I was going to get a WG screw into a hole that was obviously designed to take a different diameter.

If you can persuade the shop to sell it assembled, do. It is really worth it. Do not even try to put it together unless you are reasonably calm about screwing, bolting and following written instructions. Gas can be dangerous and while home assembly is not difficult, it must be done correctly.

Choosing between the different models is difficult. Price usually reflects the ruggedness of construction and the number of extras facilities, such as shelves and racks. The more expensive versions also have glass windows on the lid so that you can peek in to see how the roast is doing.

The main difference is in the size of the grilling area (important if you want to cater for crowds) and extras such as warming racks and shelves. Remember to ask if the price includes a regulator - the switch that goes on the gas cylinder.

I was in a hurry and bought my Thermos from Sainsbury's Homebase. It does not sell regulators and did not know where I could get one. I would have got a marginally better deal at British Gas which included a regulator and (at the moment) a £5 voucher for the gas cylinder, which has to be bought elsewhere. British Gas includes delivery in its price. Argos sells the same model at £39, but without a regulator (about £10).

Barbecuing on gas is a little different from charcoal. Heat is controlled by regulating the flame rather than moving the grill. At my first attempt I had the heat too high and the chicken fat caused rather alarming flaring. Once the flame was reduced and the lava rock had cooled sufficiently the chicken cooked well.

You can give vegetables, such as sliced aubergines and zucchini, that authentic criss-cross grill pattern and they taste as good as in any fashionable Italian restaurant, especially when piled high and dressed with parmesan, basil and olive oil.

One of the biggest benefits of gas is that you can have char-grilled food throughout the year without going to a restaurant. I am not sure if I will be out in the garden grilling in my overcoat in December, but I like to think I will.

## A snappy Dresser

**Alice Rawsthorn looks at the work of an influential designer who has returned to cult status**

**I**F YOU glance at Oggetti in Fulham Road, south London, you will see a couple of teapots in the window display. Most things in Oggetti are expensive, but these teapots are really expensive - £5,800 each.

They are part of a limited edition of products designed by Christopher Dresser - and reproduced in sterling silver by Alessi, the Italian company best known for its work with contemporary designers such as Philippe Starck and Frank Gehry - which will be on sale at Oggetti until September.

One teapot is in the shape of a triangle, another is hemispherical, the third is a square squatting on four spindly "crow's feet" legs that are a hallmark of Dresser's style. They look, as Oggetti's Paul Marques says, as if they were designed yesterday but they date back to the 1880s.

Christopher Dresser was a 19th century British botanist who abandoned his studies of plants for product design. He was a socialist idealist who, fired by the belief that industrialisation was changing the world for the better, became the first designer to embrace the machine age.

Dresser lived at a time when mainstream taste was dominated by the grandeur of Victorian baroque and when the avant garde were wedded to

made, contemporary classic designs, many dating back to the 1940s and 1950s.

In the mid-1980s it introduced a small range of archive designs, by Marianne Brandt, a German artist who studied at the Bauhaus in the 1920s, and Josef Hoffmann, the fin de siècle Viennese designer who was a leading exponent of Art Nouveau.

Alberto Alessi, who now runs the company his grandfather founded in the 1920s, is keen to expand the archive range. The days when a Starck lemon squeezer was the essential accessory are over.

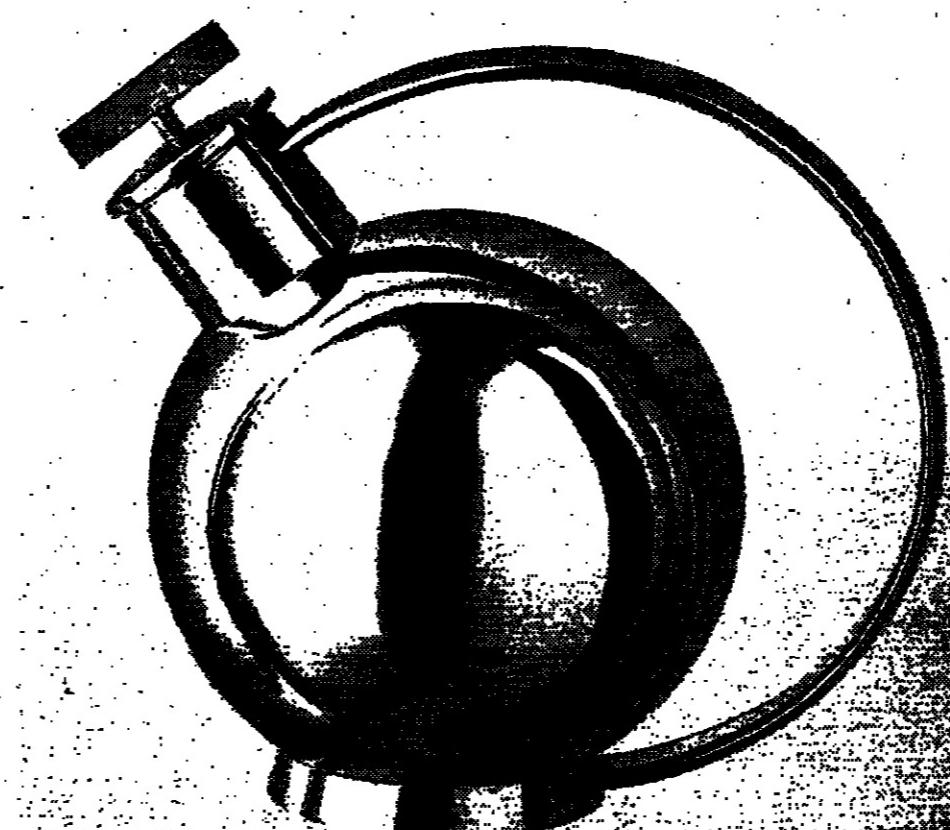
If Alessi is to avoid being relegated to the ranks of the collectors of the 1980s, it has to address the new sensibility of the 1990s.

Christopher Dresser, with his restrained designs and whiff of 19th century authenticity, is a perfect addition to its range. The only problem for Alessi was that it was very difficult to track down his original designs.

Most of Dresser's original products have disappeared, as have many of his notebooks. Alessi had to reconstruct his blueprints from the few records it could find using computer-aided design techniques, and then check the results against original objects borrowed from collectors.

Although Dresser was obsessed by the machine age, most of his products were made by hand as the silversmiths and metal workers of his era had very little machinery. Alessi has been able to adapt two of his products - a tray and a toast rack - to be mass-produced in stainless steel at its modern factories.

These are now on sale at its usual London outlets, the Conran Shop and Authentics as



Time for tea: a Christopher Dresser reproduction

well as Oggetti, for around £70 and £60 respectively. The other Dresser designs, the sterling silver limited edition now on show at Oggetti, have been made by hand.

Paul Marques is still convinced that, recession or not, at least some of Oggetti's customers will be willing to spend a few thousand pounds for a Christopher Dresser sugar bowl. Perhaps he hopes they will be thinking of the original 1880s Dresser teapot that sold for £50,000 at a London auction last year, which makes £5,800 for a 1990s reproduction seem (almost) cheap.

Although Dresser was a 19th century British botanist who abandoned his studies of plants for product design. He was a socialist idealist who, fired by the belief that industrialisation was changing the world for the better, became the first designer to embrace the machine age.

Dresser lived at a time when mainstream taste was dominated by the grandeur of Victorian baroque and when the avant garde were wedded to

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## TRAVEL

# Old England behind the Celtic burglar bars

**M**ORE than 2,000 years ago, a Celtic tribe called the Durotriges moved into a hill-top home not far from the coast of southern England. Invasion and pillage of country homes was even more a threat then than today, but although the Durotriges were an Iron Age people, basic burglar bars, let alone electronic alarms and home insurance policies, were somewhat beyond them.

Feeling exposed, they set about building the finest complex of defensive earthworks in Britain - a flattened hill-top surrounded by concentric rings of 60-ft ditches and 90-ft earthen breastworks two miles in circumference. Strongly defended, Maiden Castle, as the hill is called, was at one time home to 5,000 tribespeople; it withstood attack for centuries, and even held out a good while against more advanced invaders from the east, the armies of Rome.

After centuries of battering by wind, storm and rain, the warrior-haunted defences of Maiden Castle still look daunting enough to keep eastern invaders away from its rural hinterland. And perhaps, in some mystical Celtic way, they continue to do just that.

The land to the east of Dorchester, the county town just two miles from the hill, is increasingly the domain of long-distance London commuters. The land to the west, Devon and Cornwall, has long suffered annual invasion by frantic hordes of holiday-makers from all over Britain.

But, in a small triangle of west Dorset, in countryside bounded by the peculiarly-formed Chesil Beach, the old abbey town of Sherborne and the seaside resort of Lyme Regis, strange forces seem to operate. Against all the odds, this is an old-fashioned, scenic and peacefully rural place that

the developers have left largely to itself.

Although it is less than five miles away, I could not see the sea on the spring day I bent into the wind and trudged to the summit of Maiden Castle. Blustery and cold, it brought with it low, obscuring cloud and showers that spat down on anyone foolish enough to be outside looking for signs of a new and gentler season.

Perhaps, though, the sea is not visible from here even in the most clement weather. West Dorset is country of hills, smooth, green and sheep-dotted, that rise bank upon

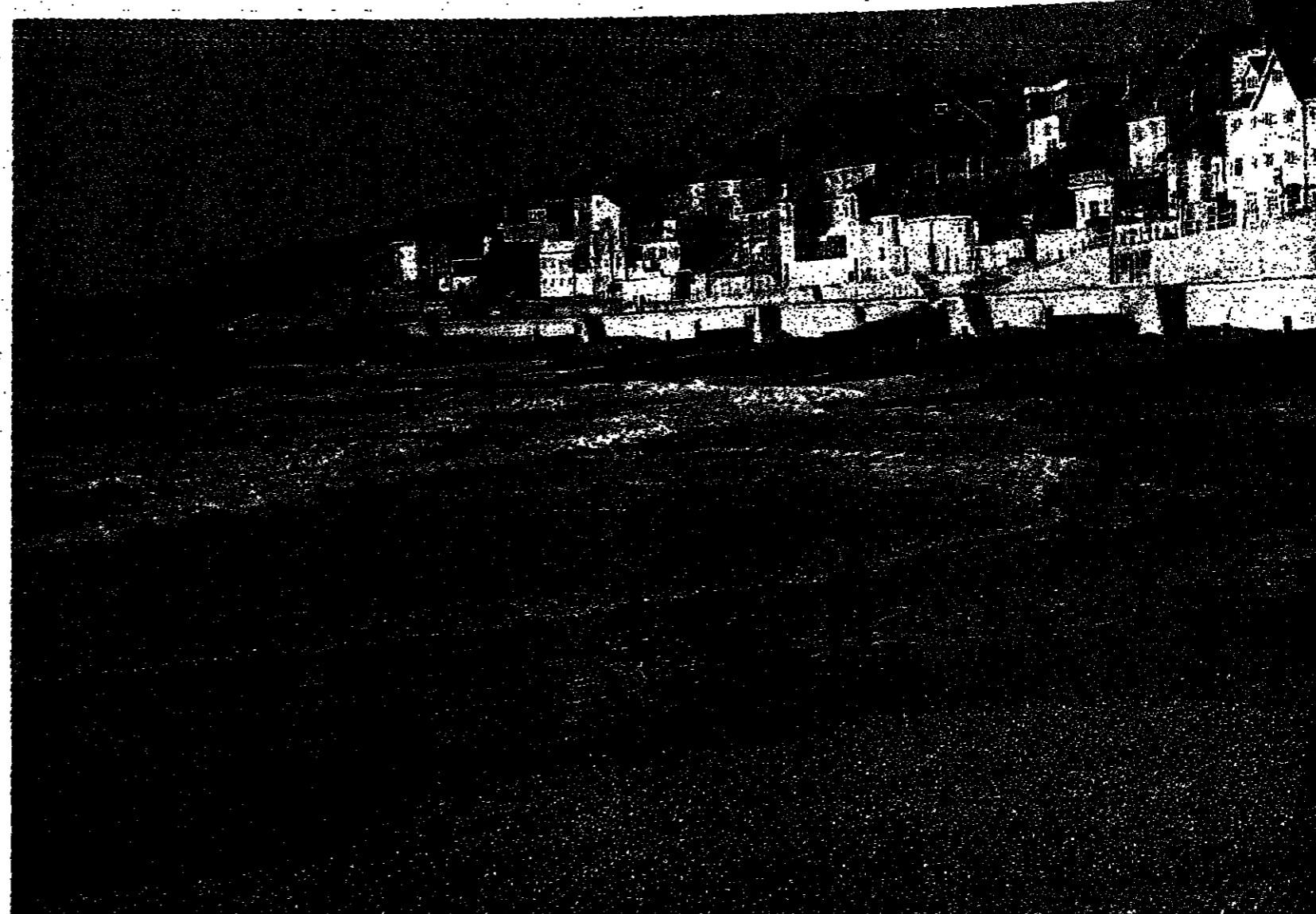
**Nicholas Woodsorth was charmed by West Dorset in the rain**

bank to the horizon. In good weather they are like an exercise in the art of Italian romantic perspective. In bad weather they are an exercise in exposure. I felt sorry for the Iron Age tribes who throughout west Dorset spent their time shivering in hill-top ring forts, and decided to see if things were any more sheltered and spring-like down at the seaside.

They were. Not far from Abbotsbury, an old village overlooking one of the strangest geographical features in Britain, I met a flock of some of the most fortunate swans around. The inhabitants of the Swannery, more than 500 of them, live in a bird's paradise, a brackish, eight-mile-long lagoon known as the Fleet where they are protected from the winds and storms of the open sea by Chesil Beach, a bank of pebbles 50 ft high and 200 yards wide lying, as if skinned after some terrific spasm, with the mainland, some distance off-shore.

One of the great pleasures of west Dorset is being able to get away from it all - city life, crowds and commercialism - and escape to the heart of the country. So, instead of booking myself into a hotel in a seaside town, I drove up through hills and mist in the falling dusk to the tiny village of Netherbury. Here I found Heritage, a bed-and-breakfast establishment run by a Frenchwoman named Michelle Seymour.

Michelle knows what escape from the fast track is all about. A former airline hostess, she has chosen one of the loveliest villages in Dorset to settle in. Sitting on the banks of the little River Brit not far from the market town of Beaminster, it is a vision of English rural peace, a place whose most ambitious activity is cider-



Lyme Regis by the sea: where accountants from Birmingham gaze out through 20-in-the-slot telescopes

making. The rain had stopped, and lights were burning in cottages windows by the time I went out to stretch my legs.

In neatly-kept gardens water dripped from every tree, bush and newly-bloomed spring flower. In twilight and the distant hill-side baaing of newborn lambs, I walked through the mossy, tilted gravestones of Netherbury's church-yard.

An owl hooted in a copse nearby and the hour rang from the tower of the old grey stone church. Scented odours wafted from damp lilacs. I had forgotten what tranquillity was.

Villages like Netherbury, and there are lots within a 10-mile radius of Beaminster, are wonderful places from which to explore some of the most unspoilt country in southern England. Much of the charm

here is man-made and has to do with a long and rich rural past that has not yet been obliterated; it takes the form of thatched cottages, stone-built houses, or the abbeys, manors, priories and churches lying around the corner of hedger-lined country roads.

The other part of the charm comes from the land itself. Steep and rolling, the hills of west Dorset do not lend themselves to modern agriculture. In parts they are wild and forested; in others, where sheep have grazed vast hillside pastures to a uniform smoothness, they take on a park-like quality. The whole - village and countryside - leaves one with the feeling that Old England is not yet wholly out of reach.

Even in Old England the merry month of May - to say

nothing of entire summers - must have often been wet. But there can be few places left in the country pretty enough that rain does not dampen the weekend explorer's enthusiasm after three soggy days of roaming around west Dorset I was still enjoying it.

Under a torrential downpour I strolled past the mermaid pond, the ha-ha and the bog garden of Forde Abbey, a glorious 12th century Cistercian monastery now turned state-of-the-home. Through drizzle and drifting fog I gazed at the Naked Giant, prairie magnificence from Roman times etched with chalk into a hillside at Cerne Abbas. In Sherborne I ducked into another even greater abbey to avoid a heavy shower; there I met an elderly lady who wheeled over

to me a strange, mirrored trolley so I might look at the fan-vaulted ceiling without getting a crick in my neck. I am afraid I dripped water all over it.

But on the third day, when I least expected it, the weather turned. As I was hunting around under the sea cliffs of the Black Ven at Charmouth, the sun came out and glinted on burnished ammonites hiding in the sand, one of the treasures that makes the coast around Lyme Regis so popular.

On the now sunny water-front promenade the deck-chairs were out. The first ice-creams of the year appeared. Their romantic fancy stirred by the warm spring air,

retired accountants from Birmingham gazed out to sea through 20-in-the-slot telescopes. Down on the Cobb, their wives were imitating Meryl Streep with long sighs and waiting for their own French Lieutenant to come sailing in.

Who would not be happy with a day like this? Moon-faced teenaged lovers wandered the promenade, hand in hand. Children splashing in the water, in spite of the evidence of blue legs, had persuaded themselves that summer was not far away.

On the other side of west Dorset the sun shone even on Maiden Castle. It was a day that would have convinced the shivering Durotriges themselves that a new age had at last arrived.

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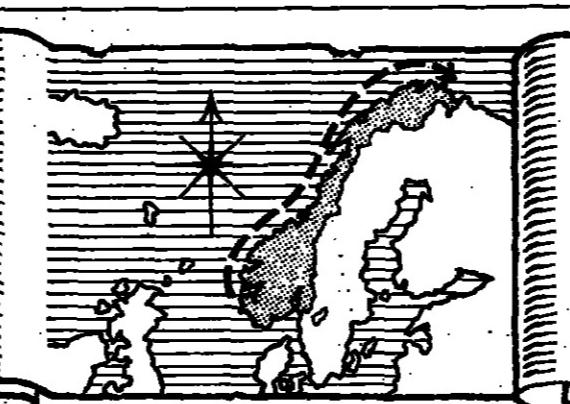
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## BOOKS

# Joyce's characters illuminated

*Anthony Curtis looks at the loves and hates of the Dubliners who fuelled Joyce's work*

**J**EFFREY JOYCE never let go of Dublin. Dublin has never let go of Joyce. An international James Joyce Symposium was held there earlier this month and this new biography by a Dubliner has been published to coincide with it. True, to Dublin's humiliation, it was an American academic, the late Richard Ellmann, who in 1959 "the precious diadem stole and put it in his pocket", in the form of a biography of the Irish writer that seems unlikely ever wholly to be surpassed. That book, re-published by Oxford in 1982 in a revised form, remains the standard life, and is still indispensable reading for anyone interested in Joyce.

Meanwhile a completely new edition of *Ulysses* is awaited, prepared by John Kidd, another American academic, who works at the James Joyce Research Center at Boston University. It was Kidd who pointed out the "errors of execution" in the previous (1984) edition and set going a future.

His edition is scheduled to appear in September from Norton and will be the first volume in the new "Dublin Edition" of Joyce's works. Each will be based on a freshly edited text with an introduction by Denis Donoghue.

At the same time Dublin-based scholars of the Joyce industry have not by any means been idle, as is proved by this informative work from Peter Costello. The hidden agenda underlying the imaginative work of Joyce came from the lives of people who lived in Dublin at the turn of the century. Their loves and hates, their efforts to make a living in a harsh economic cli-

mate, culminating frequently in debt or bankruptcy, their love of music and song, their complex web of involvement with each other, is continually being refracted through the fiction. First lucidly, in *Dubliners*, *Stephen Hero* and *A Portrait of the Artist as a Young Man*; later increasingly opaque, in *Exiles*, *Ulysses* and *Finnegans Wake*.

Ellmann named many originals but was "in some of his identifications confused; perhaps in one or two instances he was deliberately put off the track by the people he interviewed. His main research was done in the 1950s, since which time more hard facts have emerged about Joyce's prototypes in real life. Peter Costello

**JAMES JOYCE: THE YEARS OF GROWTH 1882-1915**  
by Peter Costello  
*Kyle Cathie £17.99, 374 pages*

possesses an encyclopedic knowledge of the public history and private feuds of Dublin and its citizens over the past century. He has previous books to his credit on the Irish revolution in modern literature and on Clongowes Wood College, Joyce's first school.

Costello stops at 1915, merely summarising the later years. By then Joyce, aged 33, had left Dublin for good and had, thanks to the efforts of Pound and his colleagues on *The Egoist*, gained a measure of recognition as a novelist. It is the preceding years covering Joyce's childhood and early manhood that concern Costello. He fills in the tense politi-

cal atmosphere of that era in Irish history, interweaving the fortunes of the Joyce family with those of Parnell and other figures on the larger stage.

John Stanislaus Joyce, Joyce's father, appears here more fully than ever before. He begins as a man of force and substance with a well-paid job in local government, a collector of rates; then, sadly, he goes into moral and financial decline. There is a parallel with what we know of Shakespeare's father in whose life a similar pattern may be discerned. Unfortunately in "Jack" Joyce's case his famous son did not redeem the family fortune in his lifetime.

Many of the more fugitive figures in the Joyce story also come out of this book more clearly than hitherto. Costello has discovered the original of S.C. or Emma Clery - Stephen's beloved in *Hero* and *A Portrait*. She was Mary Cleary, a university contemporary of Joyce's, one of the first women to graduate in Dublin, and later, as Mrs James Nahor Meenan, wife of a well-known Dublin physician, a pioneer of women's education in Ireland.

Costello has some new light to shed on Leopold Bloom. His earliest originator was Alfred H. Hunter, a dark-complexioned man in this thirties whom Joyce met at the funeral in Dublin of a friend of his father's. Ellmann describes him as "putatively Jewish". But, as we now learn, Hunter was a Belfast Presbyterian married to a Catholic wife who was unfaithful to him. His wanderings around Dublin suggested a story to Joyce to be called "Ulysses" or "Olliseus" as he pronounced it - a



More Joyce, née Barnacle, in Paris in 1922 - a photograph taken from 'James Joyce's Ireland' by David Pierce (Yale £16.95, 228 pages), a profusely illustrated portrait of Joyce which locates him in the Irish social and intellectual context.

story Joyce never wrote as such.

Again, Costello offers a fascinating fresh glimpse into the world of the elderly Flynn sisters, Joyce's aunts, whose annual parties with musical entertainments, dancing and feasting furnished her nephews with the material for his greatest short story, "The Dead", where they appear as maiden ladies - the Misses Morkan. Many of the characters in that crowded tale have counterparts, as Ellmann indicated, in the Joyce family circle. Costello brings

them back to life and for the first time the heroine's former lover is identified as deriving from one Michael Feneley. This unfortunate young man - Michael Furey in the story - was in love with Nora Barnacle when she was working in a convent before she met Joyce. Feneley died of typhoid and pneumonia in a workhouse infirmary. He became, like Joyce's imagination, the young man whom Greta Conroy, his heroine, remembers so poignantly at the end of his story. Such research means there

will have to be new footnotes appended to the lives of a host of fictional characters who, since Joyce died, have belonged to the world as much as to Dublin. I, for instance, tend to think of Gretta nowadays as taking on her most recent incarnation, that of Angelica Huston, in John Huston's fine film of "The Dead", much more than I think of her as Nora Barnacle. But it is salutary to be reminded of her original, along with those of many other characters in the Joyce canon.

# Satan at large in Dorchester

*J.H. Plumb on a town under the spell of its puritan preachers*

**A**

GOD historian must be something of a magician to transform the very dry bones of local records into a readable and enlightening account of the interplay of historical forces - economic, constitutional and, above all, religious - in the remote setting of a West of England market town, Dorchester. Perhaps Professor Underwood is a little luckier than most. Although there are large gaps in many of his records, he has struck two goldmines which give a richness to this book which it might so easily have lacked -

*The Offenders Book* that runs

from 1629 to 1637, and the diary

from 1618 to 1635 and the *Commonplace Book* of William Whiteway, an affluent, well-educated townsman with a compulsion to record his life and times. No Peeps certainly - but a treasure for Underwood.

And of course, Underwood

did not pick Dorchester at random.

In the early 17th century

Dorchester fell under the spell

of its puritan preachers and so

reflected the religious and con-

stitutional crises that were

impelling England's ancient

constitution.

In 1613 Dorchester was razed

by fire, the church and the

Shire Hall and a few stone

houses survived. Such fires

were not uncommon in English

towns as most families lived

high on his agenda. Under his

guidance, Dorchester became a

model of godly benevolence.

But its success depended on

constant vigilance. White, his

friends, his bailiffs and consta-

butes battled against Satan who,

as Professor Underwood dis-

covers from the Offender's

Book, was at large in Dorches-

ter.

Authority had obligations -

to create a harmonious com-

munity, based on God's Word

- best achieved not only by

prayer and fasting but by educa-

tion and charity, succour for the

victims of the harsher life of

17th century England was

high on his agenda. Under his

guidance, Dorchester became a

model of godly benevolence.

But its success depended on

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friends, his bailiffs and consta-

butes battled against Satan who,

as Professor Underwood dis-

covers from the Offender's

Book, was at large in Dorches-

ter.

Boys spat and "pinged" each

other in Church, grew randy

out of it, got drunk too young,

handed pornography around;

worse still, they used their dag-

gers and burgled houses. Girls,

especially maid-servants,

seemed to be as randy as the

boys, drank with them in ale-

houses that were little better

than brothels, and finished up

well pregnant before marriage.

Below the surface of a God-fearing, deeply moralistic

community, old Adam was up

to his usual games.

Sexuality, however, was not

the only problem. Higher in

the social scale charitable

money sometimes took years

to reach the poor and deserv-

ing and, on occasion, got lost.

There were rumours that even

John White was not adverse to

lining his own pocket in his

promotion of a godly Dorches-

ter in New England. Piety and

profit made restless bedfellows.

The roots of Dorchester's

puritan reformation proved

shallow. Its inhabitants could

live with it; they were not pre-

pared to die for it and they

succumbed to the Royalist

armies in 1643. The corporation

behaved with the utmost cir-

cumspection during the turbu-

lent years that followed; with

relief they rang their bells vig-

orously on Charles II's return.

The great charitable enter-

prises of earlier decades, the

Hospital, the Free School and

the Corporation Brewhouse

whose profits paid their bills,

slowly fell into desuetude and

Dorchester reverted to being

unremarkable - just another

market town.

Professor Underwood's fasci-

nating book is more than a

mere contribution to social and

local history. It is also sain-

tary. There is a group of rad-

ical chic historians led by Lord

Russell who regard the English

Civil War and its vicissitudes

as a mere squall about

nothing that rapidly blew itself

out. We can in this book see

how the growing elite of Dor-

chester had to define, in the

most serious and profound

way, its attitudes to constitu-

tional conflict at the deepest

level, the nature of sovereignty

and the definition of the rights

of the individual.

This is a very wise book,

scholarly in its approach but

immensely enjoyable reading.

It will help to bring the debate

about the causes of the Civil

War back to reality.

**Nigel Spivey**

*Win a fabulous*

*Beach & Safari holiday*

*See inside back for details.*

*£1000*



## ARTS



Vermeer's 'Street in Delft', left, and 'The Courtyard of a House in Delft' by de Hooch, right, both on show at the National Gallery



## Brief encounter with Delft

**B**RIEF ENCOUNTERS is a series of occasional exhibitions at the National Gallery founded on a principle so simple, elegant and obvious, that we can only wonder it has not been a commonplace of public gallery practice since public galleries began. A loan from another great collection is requested or becomes available, whereupon a comparable or related work from the Gallery's permanent collection is set against it and a small explanatory display arranged around the pair.

This current encounter brings together the "Street in Delft" of circa 1659, from the Rijksmuseum in Amsterdam, one of only two surviving townscapes by that rarest of painters, Jan Vermeer, and the National Gallery's own "Courtyard of a House in Delft" of 1658, by Pieter de Hooch. The mutual context is further established by two more paintings from the collection: the tiny "View of Delft", of 1652, by Carel Fabritius; and Egbert van der Poel's "View of Delft after the Explosion of 1654", in which disaster Fabritius was killed. Thus is set out something of the nature of topographical realist painting at a most crucial stage in its development, albeit within the brief scope of four small, exquisite works made in one

small city within one short decade. De Hooch, born in 1629, was three years older than Vermeer. In 1662 he moved from Haarlem, where he had trained, to Delft, where Vermeer had been born, and it is not unreasonable to suppose that by the late 1650s, with both of them in their late twenties, there was at least some familiarity between the two men. Yet for all the consonance of interest in their subject-matter, and the apparent similarities of meticulous observation and pains-taking technique, the real differences between them are profound.

Both painters present the image and the pictorial space four-square, as upon a stage, a facade or screen laid flat across the canvas. And both of them pierce this screen selectively, opening up now a deeper, now a more shallow space, near and far. But where De Hooch brings the viewer in much closer to his subject, and is much more particular in the characterisation of his principal figures that animate the scene, Vermeer remains remote, detached and a little mysterious. His facade remains in part impenetrable, the windows shuttered, the arched door firmly closed, the alley blocked at its far end, even the interior impossible to penetrate beyond the faceless woman seen

ing at the open door.

As for the detail and the handling, the similarities are apparent only to deceive. Where de Hooch marks every brick and paving-stone, Vermeer's bricks and cobbles, shutters and window lattices are mirages of generalised suggestion. It is not that the de Hooch is not fresh and painterly in the handling, but that Vermeer is so much the fresher, and so painterly as to prefigure

**William Packer enjoys Vermeer and de Hooch at the National Gallery**

a much later age - Degas, Whistler, Sickert. The radical nature of his design is in the passage across the ground floor of the street-front - the Indian red and green blocks of the shutters, the black of the open door and the closed arch, all set against the bright white of the plaster - comes close indeed to the abstract preoccupations of Whistler or William Nicholson, hints even at Mondrian.

So convincing are both paintings in the architectural spaces they propose,

both open and solid, that the use of the camera obscura, evident in the forced monocular perspective of the tiny Fabritius, has been mooted as an enabling device. There are, however, certain awkwardnesses and inconsistencies of perspective in both paintings that make this unlikely, more obvious in the de Hooch, more surprising, perhaps, in the Vermeer, in which the eye-levels and vanishing-points simply do not match up. The figures, too, are relatively too small to make literal sense.

Yet it is in the magic of painting, that eye and hand must ever accommodate to a binocular vision and a shifting perception of reality. It was never a literal exercise, more a question of making true sense, which is to say what is truly felt and intuitively understood. Even the Fabritius is transformed by a unique sensibility into an elegiac image, poetical and infinitely strange. The dreamer sits outside the inn in the evening sunshine, the mother brings her child in from the garden, the old woman sits sewing at her door as the children play outside. It might have been yesterday. Life goes on.

**■ Brief Encounters: Vermeer - de Hooch:** The National Gallery, until August 31; sponsored by the Bernard Sunley Charitable Foundation.

## Off the Wall/Anthony Thorncroft

## Alive with the sound of music...

**T**OMORROW the Heritage Secretary David Mellor will join a sing-in at Clapham Common, watch marching bands in the Mall and end the day in Birmingham with the CBSO. His number two, Robert Key, will be singing a West Country ballad in Salisbury before moving on to a Jose Carreras concert in Bath.

This is not the usual weekend over-time of our arts supremos. This is their contribution to National Music Day. It is big of them, really, since the Day was the inspiration of the previous Arts Minister, Tim Renton, whose work Mellor is studiously dismantling. Renton had been sold he idea by Mick Jagger who, in his turn, bought the concept from Jack Lang, the French Minister of Culture. Jagger will be strutting his stuff tomorrow at the Hammersmith Odeon while Renton will be ballooning higher and thither before finally descending on Carreras in Bath.

Compulsory music for all is perhaps more suited to continental taste than British, but with £100,000 of Government money and sponsorship by Carling and Coca-Cola, Music Day is taking a hold on the national consciousness. In all there will be over 1,500 events, ranging from a multi-thousand voice rendition of *The Messiah* at Olympia to a thousand pub singalongs orchestrated by

Carling.

The only part of the arts world playing the Day fairly *diminuendo* is the Arts Council. True, its Secretary General Anthony Everitt will be opening a cornucopia of jazz, blues and busking in his local Essex village of Wivenhoe, but the chairman of the Council, Lord Palumbo, will be mute. But then the Arts Council has never liked initiatives that come from alternative arts bodies.

\*  
The management, soloists, chorus and orchestra of the Royal Opera House, Covent Garden leave all their worries about diminishing audiences, sponsorship shortfalls and re-development delays behind them next week as they fly off to Japan to perform three Mozart operas at the Asahi Beer Festival.

This is the first major overseas tour by the opera company for six years and is nicely copper-bottomed, sponsored by both RTZ and Asahi, and bound to bring back a profit. It is another example of the first law of arts funding: if the Government will not provide more money, talk to a Japanese businessman.

The trip to Japan is timely. The Royal Opera House has just formed a joint company with Pioneer, the giant electronics company, which will lead to around 20 Covent Garden productions being retained for posterity on CDV, the

new technique which brings video to the compact disc. The first production to be recorded is Domingo's *Otello* in October. It is wonderful for Pioneer, which is desperately short of desirable products to market alongside its new equipment, and quite nice for Covent Garden, which in the past has never quite managed to get the reproduction of its repertoire to work as well as expected.

\*  
Business is getting no better for the dealers in modern art, and in their idleness all the talk is of the next gallery to go belly up. It is brave, then, of Bonhams, which has never managed to make much of a mark in this area, to recruit a bright young expert who will be holding her first auction on July 16. Claudia Wolters has the right sort of pedigree. Her father David runs the New Grafton Gallery and she learned the ropes at Agnew's.

Her main objective has been to put

such low estimates on the works on offer that private collectors will feel silly if they do not start buying again.

For example, "The Little Brown House" by Christopher Wood carries a low estimate of £6,000. It had hung on a dealer's wall for ages priced at £14,000.

It is regarded as one of the most

antique and finely crafted works of

antiquity and if it makes its target will

establish a record price for any

Egyptian antique. It will also have

proved a good investment. It sold in

1979 for just £58,000.

I do not know the going rate for a bust of Norman Lamont but I doubt whether it currently approaches £200,000. That is the price Sotheby's is hoping for on Thursday when it offers for sale a sculpture of an Egyptian chancellor.

Senef is in charge of the accounts and was in charge of the Pharaoh's portrait of him modelled and inscribed "solo beloved companion".

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antique and finely crafted works of

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1979 for just £58,000.

It is a sad tale in the end -

David is excommunicated, his

wife Katie (Garda Stevenson)

dies of the plague, Monroe

and his friends go into exile,

even the chief of the devil-worshippers is killed by the devils.

John Scottie's adaptation is

excellent, full of atmosphere

and truly lively characters -

the minister Mungo Muirhead

and Ebenezer Proutfoot (Robert Trotter and John Sheden) betray a Buchanan-esque ministerial hatefulness. The spry

direction is by Alec Reid. You

can get cassettes of this and the

39 Steps together in the BBC Radio Collection.

No proper Englishman only

the crowds that resent the

Tests on Radio 3, could fail to

offer good wishes to Brian

Johnston on his 80th birthday.

The BBC celebrated it on Sunday.

They played him on his old

ground, *Down Your Way* - his

way, as it happens, Swan-

son's way.

Chess No 92:

1 Ns5 b5 2 Ka3 3 Rb3 axb

4 g4 mate.

## Shadow of a Cinderella

**Clement Crisp reviews the latest English National Ballet production at the Coliseum**

And 'absolutely fatal' is Stevenson's decision to continue having the Ugly Sisters played by men. When Ashton and Helmann took these roles for the Royal Ballet, they paid homage to a music hall tradition, but more importantly, both were consummate drols, and their foibles were born of a long friendship and a huge understanding of the jokes implicit in such impersonations. (Their 'characters' were also lightly based upon two women they knew). ENB's pair, Maurizio Bellezza and Kevin Richmond, are called upon to fall about, to flaunt and rampage like raider drag queens. Embarrassing and

superficially unfunny, they ruin what little sentiment the narrative possesses.

Other interpretations at the staging's first London showing on Thursday did little to help matters. Agnes Oaks is a gentle heroine, but she does not yet have the assurance to triumph over the dull things she is given to do. Jose Manuel Carreño was her prince, letting off technical fireworks in the ball-room, but hardly seeming caught up in the drama. The four soloists who play the Season fairies were not the happiest advocates for the beauties of classical dancing. The Jester, Stephane Dalle, was technically brilliant, but it is a role

too cute for comfort. The corps de ballet romped through the ball-room in complicated costumes, as if waiting for the choreography to arrive. It didn't.

Vizually the production is sickly, predictable, and - to my eyes - hideous. David Walker is adept at dressing a stage with period flummery which artfully combines the two and the oh-so-ingratiatingly pretty. This *Cinderella* is no exception. It is a triumph of kitsch, and it finds its apogee in the ball's finale, which Mr Stevenson has decided must show us Cinderella and her Prince being married. The scene takes place - how right, how touching - in a wintry forest. The massed hordes of the corps de ballet appear from the wings draped in white cloaks, like fugitives from an ice show. There enter a priest, acolytes and four midget female angels, complete with wings. (Are we perhaps in heaven, we ask ourselves? Hell, more likely, answers critical conscience). The happy pair are married, and the gorge can rise no further as the curtain falls.

We may have to start fresh Nuremberg trials, for crimes against ballet and artistic sanity.

*Cinderella* is sponsored by Digital Equipment Co.

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## 'Licht' progresses

**A** WEEK can take a long time in opera. In 1977 Karlheinz Stockhausen began working on his plan for a music-theatre cycle that would be performed over the days of a week, and to which he gave the overall title of *Licht*. The ground plan of the whole scheme was established from the very start, and everything Stockhausen has composed since then has been related to the cycle.

Elements of *Licht* have continued to emerge at regular intervals, both piecemeal - an act, a scene at a time to fulfil specific commissions - and then complete day by complete day. *Donnerstag aus Licht* was the first to be performed in its entirety, at La Scala in 1981, and *Thursday* was followed in 1984 by *Saturday* and in 1988 by *Monday*, both premières also taking place under the auspices of La Scala, though Stockhausen's theatrical ideas have steadily freed themselves from the constraints of opera-house performance.

Now *Tuesday* has been completed. The Leipzig Opera House is due to present the stage premiere of *Dienstag aus Licht* next year, but the complete score was given in a semi-staged version in Lisbon last month, and the performance brought on Thursday to the Holland Festival. It was presented in the space of the Amsterdam Muziektheater, not in any conventional arrangement, but with the performers based in front of the stalls, and the audience seated on the stage proper and in the vast rear stage area while performers swarmed around and among them.

The subject matter and much of the musical material of the *Licht* cycle are well established by now. Its story of the archangel Michael (portrayed by a tenor) and his struggle with the forces of good and evil epitomised by Eva (soprano) and Lucifer (bass) has a mythic simplicity. There is an interweaving of elements from various traditions, but the overriding phi-

losophy mingles utopianism with Stockhausen's very personal brand of religion which mixes elements of astrology with monotheism; *Licht*, he emphasises, is a "profound Christian" work.

*Dienstag* is very much the mixture as before. It is cast in two large-scale acts (roughly two and a half hours of music prefaced by the now standard "welcome". *Dienstag aus Gruss*. The first act, *Der Jahreslauf*, shows Lucifer tempting Michael successfully resisting the blandishments; the second, *Imprison - Explosion mit Abschied*, is a series of battles between Michael's forces and those of Lucifer, all brought to an end by a series of three

explosions.

It sounds naive, and so it is; Stockhausen's gift for drama, indeed his whole view of music theatre, has always been simplistic one, strangely at odds with the immense sophistication of his music. In a sense that is the point, for the scenario of *Dienstag* seems determined by the musical processes that underpin it rather than vice versa. There are some vivid set pieces in the score, and the whole of the second act unfolds over a pre-recorded tape that is as fine and imaginative a piece of electronic composition as anything Stockhausen has written in a quarter of a century.

In the second act when battle is joined the tenor and bass portraying Michael and Lucifer roam the auditorium with their troupes of instrumentalists, trumpet-based for Michael, trombones for Lucifer. As they prance around gesturing and posturing it looks ludicrous, and dramatically it is, but the music generated by these con-

certs is a dense meshing of brass and chorus, to which Eva adds her exhortations, and *Der Jahreslauf* itself is a large-scale clockwork, composed in four distinct layers. It was the first part of *Licht* to be completed and is already available on disc. The music seems to me undistinguished (it was originally written for a Japanese *Gagaku* ensemble, and was given here in a Westernised version), and the "windows" in the textures through which Lucifer tempts Michael offer no real musical variety let alone dramatic interest.

Even here though the quality and concentration of the performances were extraordinary. Stockhausen had worked at every detail, and took charge of the sound projection; the singers and instrumentalists were those with whom he works regularly, including his sons Markus and Simon who delivered the trumpet and synthesiser solos with great panache; Julian Pike sang Michael; Nicholas Isherwood was Lucifer, Annette Merleweather Eva; the Handel Collegium Kuezen provided the choir. However ridiculous it sometimes seemed, *Dienstag* conveys a curious musical power absolutely unlike anything else.

**Andrew Clements**

on Stockhausen's

'Dienstag'

at the

&lt;p

## TELEVISION

## SATURDAY

## BBC1

6.35 Open University. 7.25 News. 7.30 Hello Spencer. 8.15 Barber. 8.15 The Jetsons. 8.35 Round the Twist. 8.30 Parallel 8. 10.32 Weather. 10.35 Grandstand. Introduced by Desmond Lyman from Wimbledon. Including at 11.05 Football: Comprehensive review of the European Championship in Sweden. 11.35 Rugby League: Australia v Great Britain. Highlights of the Second Test from Melbourne. 11.50 Tennis from Wimbledon. Coverage of the men's and ladies' singles. The last 18 players in both contests compete for the honour at the All-England Club. 1.00 News. 1.05 Tenals. Further coverage. Times may vary. 5.10 5.20 Regional News and Sport. 5.25 It's Her! It's Her! An eight-year-old from Grimsby paints Jimmy Savile's portrait and has it hung in London's National Portrait Gallery. A primary school teacher is serenaded by Chris De Burgh. 6.00 The British Empire. Chris Barrie and David Dimbleby. Magician. 6.30 That's Showbusiness. Guests include boxer Frank Bruno, DJ Jackie Brambles, agony aunt Claire Rayner and comedian Hugh Dennis. 7.00 Keeping Up Appearances. Hyacinth discovers her brother-in-law up a tree. Starring Patricia Routledge and Judy Cornwell. 7.30 That's Not My Job. The youngsters are asked to form a teenager on an emergency basis, but soon discover he has problems with reading and trusancy. Starring Sharon Duce and Ray Brooks. 8.20 Casualty. Julian and Jimmy find they have the same taste in women when staff nurse Sandra Nicholl (Maureen Beattie) joins the cast. 9.10 News and Sport: Weather. 9.30 That's Life! Uri Geller demonstrates his psychic powers. If viewers have broken watches or clocks handy, claims he can get them going. And Esther Rantzen presents a major investigation into 'ghost calls' that appear on telephone bills. 10.10 Today at the Zoo. 11.10 That's Not My Job. A young scientist leads a high school gang against the town's rich kids. Francis Ford Coppola's melodrama (1985). 12.40 Weather. 12.45 Close.

## BBC2

6.40 Open University. 6.50 Wimbledon. 7.00 Desmund Lyman from Wimbledon Club. The 100th tournament is a week old and the first Saturday of the championship is one of the most popular days of the whole fortnight. Commentary by John Barred, Mark Cox and Barry Davies. 8.00 News and Sport: Weather. 8.15 Have I Got News for You? Political adversaries Cecil Parkinson and Norman Willis join captains Ian Hislop and Paul Merton in the final edition of the satirical news quiz. Angus Deayton is the host. 8.45 Black and White in Colour: Television, Memory, Race 1938-1988. First of two special programmes celebrating black and Asian contributions to British television. Award-winning director Isaac Julien looks at the earliest days of television to the early 1980s. Narrated by Professor Stuart Hall. The season is made in conjunction with the British Film Institute. 9.35 2 Gers. An episode of the popular police series from 1984 examining the different degrees of racism among the characters of the New Town police. An unemployed African barricades himself and his family in their house after attacking a bawlf. Starring Stratford Johns. Part of the Black and White in Colour season. 10.25 A Hole in Babylon. Drama based on the real-life story of three young black men's attempt to rob the Knightsbridge Spaghetti House in 1975. Directed by black film-maker Horace Ove and starring Tony Wilson, Archie Poo and Trevor Thomas. 11.35 Teenage Diaries. Video diary following Jennifer, a 15-year-old girl coping with her mother who is severely disabled by multiple sclerosis. 12.25 Film: Clayfarmers. Two young men, although different characters and from different backgrounds, develop a strong bond. But their lives are shattered by sexual prejudice. Nicholas Rempel, Todd Fraser, Liam McGrath and Asbury Ward star (1989). 1.30 Close.

## LWT

6.00 TV-am. 8.25 Gimme 5. 11.30 Zorro. The ITV Chart Show. 1.00 ITN News: Weather. 1.05 LWT News: The Day. 1.10 Saint and Gravitate. Ian and Jimmy reflect on the European Championship. 1.20 BBC Worldwide Wrestling. 2.45 Eurosport: Pan Pacific Olympic Trials. All eight of Britain's European champions including Linford Christie, Roger Black and Kris Akabusi are taking part in this competition for Olympic places. The winner of each event is guaranteed a place in the British team for Barcelona with two more places available at the selectors' discretion. In the women's javelin, Tessa Sanderson bids to qualify for the Olympics for a record fifth consecutive time. 5.00 LWT News: Weather. 5.05 LWT News: Weather. 5.15 Beverly Hills 90210. 5.05 Bob's Your Uncle. 6.00 Catchphrase. 7.20 Denis Norden's 21 Years of Laughter. Nostalgia look at some of the best comedy from the past 21 years. Featuring examples of laughter from Tommy Cooper to Rik Mayall, and Victoria Wood to Bruce Forsyth. 8.10 Film: Beloved. New series. Ivan Kaye stars as Jewish police hero Det Insp Sam Stern. Sam and his partner Jim Butler (Peter Arnott) try to solve the gruesome killing of a beautiful girl whose only identification is a large telephone bill. 9.10 World Championship Boxing. Chris Eubank v Ron Egan. Chris Eubank takes on American Ron Egan for the WBO super-middleweight championship. The fight comes live from Portugal's Quinta Do Lago resort. 10.10 Tom Jones: The Right Time. The Chieftains and Live Aid supremo Bob Geldof join Tom Jones as he looks at country and Celtic influences on modern music. 10.40 ITN News: Weather. 10.55 LWT Weather. 11.00 Philip Marlowe: Private Eye. 12.50 Get Stuffed; ITN News Headlines. 12.55 The Big E. 2.00 Get Stuffed. 2.05 Music from the Bridge. 2.25 New Music. 3.35 Indy Car Racing 1991. 4.35 The Hit Man and Her. 12.40 Close. 1.35 Close.

## SUNDAY

8.35 Open University. 12.00 Around Westminster. 12.30 Film: Man of the Moment. Norman Wisdom stars with Lana Morris (1955). 1.55 Sunday Grandstand. Introduced by 2.00 Motor Cycling: The second round of the Supercup from Mallory Park. Barry Nutley and Roger Bennett comment. 2.25 Motor News. The third round of the British Touring Car Championship from Donington Park. 2.45 Motor Cycling. 3.10 Rowing: Previewing British prospects for the Olympics. 3.25 Racing from the Curragh: The Irish Derby. Peter O'Sullivan commentates. 3.35 Motor Cycling. 4.00 Tennis: Match of the Year from the All-England Club. 4.00 Motor Cycling. 5.25 Motoring: Round-up of the Formula One Championship from Donington Park. 5.45 Modern Pentathlon/Women's Hockey. A look at British prospects for the Olympics. 6.00 Motor Cycling. Times may vary. 6.30 Counterpoint. On National Music Day, Simon Rattle, conductor of the City of Birmingham Symphony Orchestra, talks to music teachers and children about the Government's proposal to introduce a national curriculum approach to the teaching of music. 7.15 Life on Earth. Ever since the prehistoric Archaeopteryx, birds have ruled the air, and the main contribution to this success was the evolution of the feather. David Attenborough investigates this remarkable creation, which has so far been unable to imitate. 8.10 Artistic Journeys. Tony Cragg looks at the life of Romanian-born artist Constantin Brancusi, one of the greatest sculptors of modern sculpture. Lost in series. Alan Bennett: The Season. 9.00 Black and White in Colour: Col our Adjustment. From Amos 'n' Andy to The Cosby Show, this award-winning documentary shows how 40 years of race relations have been reflected in prime-time American television. 10.30 Do the Right Thing. With Danny Aiello and Ossie Davis. (1989). 12.30 Film: Les Disobliges. Classic chiller, with Simone Signoret (1955) (English subtitles). 2.30 Close.

## LWT

8.00 TV-am. 8.25 This is Your Life Donald Duck. 10.15 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 The Curse of the Egg. 12.30 pm LWT News Weekend. 12.35 LWT Weather. 1.00 ITN News: Weather. 1.05 Highway to Heaven. 2.10 Michael Landor: Memories with Laughlin and Lane. A tribute to the writer, actor and director, who died last July. Featuring clips from his classic shows, including Bonanza, Little House on the Prairie and Highway to Heaven. 4.00 British Olympic Trials and Rugby International: Athletics: Jim Rosenthal presents further action from Birmingham's Alexander Stadium. Rugby: New Zealand v England B. Commentary by Alastair Hignell. 6.30 ITN News: Weather. 6.35 LWT News. 6.40 People Get Ready. 7.15 Murder, She Wrote. Award-winning actress Angela Lansbury stars as the euc author-comic detective. Jessica's doctor friend becomes a Mafia target after performing surgery on a mobster who later dies. Starring William Windom. 8.10 Witching. 8.40 Film: Things That Go Bump in the Night. A partner in a prestigious management firm, Harvard law school graduate Christine Cromwell (Jaclyn Smith) reluctantly returns to the courtroom to defend an old classmate accused of murdering her millionaire husband. Starring Celeste Holm and Ralph Bellamy (TV 1990). 10.25 Fawlty's On - The Coals. Francis Howard uncovers scenes of uncontrolled orgies in the mining community of Colgrave Colliery, Nottinghamshire. 10.55 ITN News: Weather. 11.10 LWT Weather. 11.15 The ITV Chart Show: ITN News Headlines. 12.15 The ITV Chart Show: ITN News Headlines. 1.15 Film: The Birds. An isolated California community is plagued by bird attacks. Hitchcock thriller, starring Tippi Hedren, Rod Taylor and Jessica Tandy (1963). 2.25 Night Shift. 4.30 Get Stuffed. 5.05 Pick of the Week. 5.05 Soap. 5.30 Close.

## RADIO

## SATURDAY

BBC RADIO 2 6.00 Barbara Strenger. 6.05 Saturday News. 6.15 Anne Robinson. 12.00 Mark Wynter. 1.00 The Al Read Show. 1.30 Someone and the Grumbuckles. 2.00 Sounds of the Cities. 3.00 Steve Race. 3.30 And the Bands Played On. 4.00 Cinema. 4.30 Music by André Previn. 5.00 Mary Black in Concert. 7.00 Beat the Record. 7.30 Curtain Up. 7.45 Barrie Clifton. 8.45 Things are Swinging. 10.30 The Arts Programme. 2.00 Night Ride. 4.00 Barbara Strenger. 6.00 News Briefing. 6.15 Farming Week. 6.20 Prayer for the Day. 7.00 Today. 8.00 News. 8.05 Sport on 4. 8.30 Breakfast. 12.00 Money Box. 12.35 I'm Sorry I Haven't a Clue. 1.00 News. 1.10 Any Questions? 2.00 Any Answer? 2.25 Saturday Playhouse. 4.00 A Matter of Conscience. 4.30 Science Now. 5.00 A Year in Harness. 6.25 After the Party. 6.00 News. 6.25 Weekend. 6.25 Stop the Week. 7.25 Kaleidoscope. 8.00 Light and Dark. 9.00 Jazz Record Requests. 9.45 Third Opinion. 9.50 Morecaus de Concert. 9.55 Asia. 9.55 Dolce Italiano.

## View

10.45 Sports Roundup. 11.00 Richard Baker: Compared Notes. 11.30 First Love. 12.00 News. 12.30 Close. 1.15 Mittagsmagazin. 12.00 Newsweek. 12.30 Meridian. 1.00 News; News About Britain. 1.30 Sports Roundup. 2.45 Sports News. 3.00 Saturday Edition. 3.05 Get Set. 4.00 Sports. 10.00 Tales of the Texas Rangers. 11.00 Gol. 12.00 Wimbledon 92. Cricket and Athletes. 7.30 Le Top. 9.00 Box 13. 9.30 World Title Fight. 10.30 On the Level. 12.00 Close. 8.00 Counterpoint. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 News. 1.25 Londoners. 1.30 Your Concert Choice. 2.00 Horowitz at 100. 4.00 BBC Philharmonic. 6.00 Soundings. 6.30 Mass for the Feast of Saints Peter and Paul. 7.00 The Sunday Service. 7.30 The Sunday Play. 8.00 News; Words of Faith; A Jolly Good Show. 10.40 News; Business Report; Worldbrief. 10.30 Personal Politics.

## WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 646 kHz (485m) at the following times: 11.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 News. 1.25 Londoners. 1.30 Your Concert Choice. 2.00 Horowitz at 100. 4.00 BBC Philharmonic. 6.00 Soundings. 6.30 Mass for the Feast of Saints Peter and Paul. 7.00 The Sunday Service. 7.30 The Sunday Play. 8.00 News; Words of Faith; A Jolly Good Show. 10.40 News; Business Report; Worldbrief. 10.30 Personal Politics.

## BBC RADIO 2

7.00 Don Maclean. 8.00 National Music Day. 8.30 Young Musicians of the Year. 11.00 Parliamentarians. 11.30 Sports Roundup. 12.00 Carling Sound Session. 1.00 United Sounds of the UK. 1.45 Sounds of Youth Parade. 2.15 United Sounds of Youth. 4.15 Music for Young People. 5.00 United Sounds. 6.15 The Last Round-Up. 6.30 Ron Goodwin's Film Favourites. 7.30 Paul McCartney and Bob Dylan. 7.45 Joe Corrigan. 7.50 The Best of the Glastonbury Festival. 11.00 The Songwriters. 11.30 Fireworks Finale. 12.05 Colin Barry with Night Ride. 4.00 Alex Lester. 8.00 Counterpoint. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 News. 1.25 Londoners. 1.30 Your Concert Choice. 2.00 Horowitz at 100. 4.00 BBC Philharmonic. 6.00 Soundings. 6.30 Mass for the Feast of Saints Peter and Paul. 7.00 The Sunday Service. 7.30 The Sunday Play. 8.00 News; Words of Faith; A Jolly Good Show. 10.40 News; Business Report; Worldbrief. 10.30 Personal Politics.

8.45 From the Aldeburgh Festival. 12.00 News. 12.35 Close. 1.00 Voyage to the Bottom of the Sea. 2.00 Four Nations: A Is for Autism. 2.15 Highway to Heaven. 2.25 Michael Landor: Memories with Laughlin and Lane. A tribute to the writer, actor and director, who died last July. Featuring clips from his classic shows, including Bonanza, Little House on the Prairie and Highway to Heaven. 4.00 British Olympic Trials and Rugby International: Athletics: Jim Rosenthal presents further action from Birmingham's Alexander Stadium. Rugby: New Zealand v England B. Commentary by Alastair Hignell. 6.30 Weather. 6.45 Witching. 8.40 Film: Things That Go Bump in the Night. A partner in a prestigious management firm, Harvard law school graduate Christine Cromwell (Jaclyn Smith) reluctantly returns to the courtroom to defend an old classmate accused of murdering her millionaire husband. Starring Celeste Holm and Ralph Bellamy (TV 1990). 10.25 Fawlty's On - The Coals. Francis Howard uncovers scenes of uncontrolled orgies in the mining community of Colgrave Colliery, Nottinghamshire. 10.55 ITN News: Weather. 11.10 LWT Weather. 11.15 The ITV Chart Show: ITN News Headlines. 12.15 The ITV Chart Show: ITN News Headlines. 1.15 Film: The Birds. An isolated California community is plagued by bird attacks. Hitchcock thriller, starring Tippi Hedren, Rod Taylor and Jessica Tandy (1963). 2.25 Night Shift. 4.30 Get Stuffed. 5.05 Pick of the Week. 5.05 Soap. 5.30 Close.

## BBC RADIO 4

8.45 From the Aldeburgh Festival. 12.00 News. 12.35 Close. 1.00 Voyage to the Bottom of the Sea. 2.00 Four Nations: A Is for Autism. 2.15 Highway to Heaven. 2.25 Michael Landor: Memories with Laughlin and Lane. A tribute to the writer, actor and director, who died last July. Featuring clips from his classic shows, including Bonanza, Little House on the Prairie and Highway to Heaven. 4.00 British Olympic Trials and Rugby International: Athletics: Jim Rosenthal presents further action from Birmingham's Alexander Stadium. Rugby: New Zealand v England B. Commentary by Alastair Hignell. 6.30 Weather. 6.45 Witching. 8.40 Film: Things That Go Bump in the Night. A partner in a prestigious management firm, Harvard law school graduate Christine Cromwell (Jaclyn Smith) reluctantly returns to the courtroom to defend an old classmate accused of murdering her millionaire husband. Starring Celeste Holm and Ralph Bellamy (TV 1990). 10.25 Fawlty's On - The Coals. Francis Howard uncovers scenes of uncontrolled orgies in the mining community of Colgrave Colliery, Nottinghamshire. 10.55 ITN News: Weather. 11.10 LWT Weather. 11.15 The ITV Chart Show: ITN News Headlines. 12.15 The ITV Chart Show: ITN News Headlines. 1.15 Film: The Birds. An isolated California community is plagued by bird attacks. Hitchcock thriller, starring Tippi Hedren, Rod Taylor and Jessica Tandy (1963). 2.25 Night Shift. 4.30 Get Stuffed. 5.05 Pick of the Week. 5.05 Soap. 5.30 Close.

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## BBC RADIO 5

8.45 From the Aldeburgh Festival. 12.00 News. 12.35 Close. 1.00 Voyage to the Bottom of the Sea. 2.00 Four Nations: A Is for Autism. 2.15 Highway to Heaven. 2.25 Michael Landor: Memories with Laughlin and Lane. A tribute to the writer, actor and director, who died last July. Featuring clips from his classic shows, including Bonanza, Little House on the Prairie and Highway to Heaven. 4.00 British Olympic Trials and Rugby International: Athletics: Jim Rosenthal presents further action from Birmingham's Alexander Stadium. Rugby: New Zealand v England B. Commentary by Alastair Hignell. 6.30 Weather. 6.45 Witching. 8.40 Film: Things That Go Bump in the Night. A partner in a prestigious management firm, Harvard law school graduate Christine Cromwell (Jaclyn Smith) reluctantly returns to the courtroom to defend an old classmate accused of murdering her millionaire husband. Starring Celeste Holm and Ralph Bellamy (TV 1990). 10.25 Fawlty's On - The Coals. Francis Howard uncovers scenes of uncontrolled orgies in the mining community of Colgrave Colliery, Nottinghamshire. 10.55 ITN News: Weather. 11.10 LWT Weather. 11.15 The ITV Chart Show: ITN News Headlines. 12.15 The ITV Chart Show: ITN News Headlines. 1.15 Film: The Birds. An isolated California community is plagued by bird attacks. Hitchcock thriller, starring Tippi Hedren, Rod Taylor and Jessica Tandy (1963). 2.25 Night Shift. 4.30 Get Stuffed. 5.05 Pick of the Week. 5.05 Soap. 5.30 Close.

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## WORLD SERVICE

On 8.00 News: Words of Faith; Music With Matthew. 8.30 Icons. 8.45 The Natural History Programme. 8.55 Special Assignment. 9.00 Weather. 10.00 News. 10.15 In Living Memory. 11.00 Fourth Column. 11.30 Before the Ending of the Day. 12.00 News. 12.30 Close. 1.00 Who's It About the Ad. 1.15 Ring a Winner. 12.45 Open Forum. 1.00 Sunday Sport. 1.15 The Olympic Years. 1.30 Diversity. 1.45 Shipping Forecast. 2.00 Gardeners' Question Time. 2.20 Sunday Playhouse: So You Wanna Be a Rock 'n' Roll Star. 2.30 The Radio Programme. 4.00 Starlets. 4.45 Treasure Islands. 5.00 Smith in Shining Armour. 5.30 Smith in Shining Armour. 6.00 News. 6.30 Londoners. 6.45 News Summary. 7.00 News. 7.30 Londoners. 7.45 Londoners. 8.00 News. 8.30 Londoners. 8.45 Londoners. 9.00 News. 9.30 Londoners. 10.00 News. 10.30 Londoners. 11.00 News. 11.30 Londoners. 12.00 News. 12.30 Londoners. 13.00 News. 13.30 Londoners. 14.00 News. 14.30 Londoners. 15.00 News. 15.30 Londoners. 16.00 News. 16.30 Londoners. 17.

